FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

FBIS-LAT-95-169
Thursday
31 August 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-169 *31 August 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Andean Summit Not To Discuss Peruvian-Ecuadoran Ties *[Madrid EFE]* 1

CARIBBEAN

Cuba

Minister Meets With Vietnamese Secretary General in Hanoi *[Havana Radio]* 2
Joint Intergovernmental Commission Inaugurated in Bogota *[PRENSA LATINA]* 2
Need for Foreign Investment Explained *[Havana Radio]* 2
Commentary: Opening of Economy to Foreign Investment *[Havana Radio]* 3
Sugar Mill Head on Increase in Labor Force at Cooperatives *[Havana Radio]* 3
Sugar Shipping Terminal in Matanzas Undergoes Restoration *[Havana Radio]* 4
Bureau Analyzing Prospects for Nickel Production in Moa *[Havana Radio]* 4
More Than 90,000 Youths Join Student Labor Brigades *[Havana TV]* 5

Haiti

Aristide Encourages U.S. Businessmen To Invest in Haiti *[Port-au-Prince Radio]* 5
Brahimi Confirms UN Troops Will Leave Haiti in Feb 96 *[Port-au-Prince Radio]* 5
Paul, Delpe Dismissed for 'Disloyal Behavior' *[Port-au-Prince Radio]* 6

MEXICO

Prices To Cross Illegally Into U.S. Range From $25-$5,000 *[NOTIMEX]* 7
Japanese Official: Economic Crisis Does Not Affect Ties *[NOTIMEX]* 7
Zedillo Meets With Parliamentarian Leaders *[Mexico City TV]* 7
Civic Alliance Announces Results of EZLN Plebiscite *[Mexico City TV]* 8
EZLN Issues Communique on Dialogue, Government Replies *[Mexico City TV]* 8
Commission Denies EZLN Communique Jeopardizes Peace Talks *[NOTIMEX]* 8
Mexico Not To Withdraw Additional Credit Line Resources *[REFORMA 30 Aug]* 9
Profits of Banking System Drop by 2.194 Billion New Pesos *[LA JORNADA 29 Aug]* 10

CENTRAL AMERICA

El Salvador

Report Profiles Banking System Growth *[LA PRENSA GRAFICA 29 Aug]* 12
Finance Companies Sector Grows More Than Banking Market *[LA PRENSA GRAFICA 29 Aug]* 13

Honduras

Reina on USAID Report on Demographic Explosion *[TIEMPO 30 Aug]* 14

Nicaragua

Managua Rejects Use of Force in Dispute With Colombia *[Managua TV]* 15

Panama

Foreign Minister Meets With U.S. Official Skol *[LA PRENSA 30 Aug]* 15
Notes Skol's Remarks on Bases *[EL PANAMA AMERICA 30 Aug]* 15
Reveals Agenda for Visit *[LA ESTRELLA DE PANAMA 30 Aug]* 16
Perez Balladares on Crime, Style of Government *[Panama City TV]* 16
Article Examines President's First Year *[LA PRENSA 28 Aug]* 17

SOUTH AMERICA

Argentina

Menem, Sanguinetti Hail Progress in Mercosur Union *[TELAM]* 20
Menem Questions U.S. Ambassador, Supports Cavallo *[NOTICIAS ARGENTINAS]* 20
President's, Economy Minister's Popularity Increases *[TELAM]* 20
Cavallo Briefs Congress on 'Mafias,' Ties To Businessman *[LA NACION 24 Aug]* 21
Ambassador Acknowleges Cuba's Debt With Argentina *[TELAM]* 22
South Korean Foreign Minister Visits, Signs Agreement *[TELAM]* 22
Uruguay's Sanguinetti Holds News Conference *[TELAM]* 22
Uruguay's Sanguinetti Concludes Visit, Departs for Home *[TELAM]* 23
Cavallo's Continuing Conflicts Discussed *[CLARIN 20 Aug]* 24
Economy Minister's Political Battles Viewed *[CLARIN 6 Aug]* 26
Commentary Views Recent Political Events *[CLARIN 13 Aug]* 28

Bolivia

Government Seeks 'Credibility' With Other Countries *[LOS TIEMPOS 18 Aug]* 31
Commentator Slams U.S. 'Hypocrisy' in Drug Fight *[LA RAZON 20 Aug]* 32

Brazil

Cardoso Rules Out Recession, Vows To Cut Export Costs *[Brasilia Radio]* 32
Government Authorizes States, Counties To Reschedule Debts *[AGENCIA ESTADO]* 33
Motta Criticizes 'Liberal Excesses' in Privatization *[O GLOBO 29 Aug]* 34
PFL Leaders Respond to Criticism *[AGENCIA ESTADO]* 34
Roundup of Economic Reports *[AGENCIA ESTADO, etc]* 35
Editorial Criticizes Petroleum Investment Policy *[O ESTADO DE SAO PAULO 25 Aug]* 37
Business, Bankers Press Government on Economy *[CLARIN 11 Aug]* 38
Government To Recognize Palestinian Passports *[Madrid EFE]* 39
Foreign Minister Announces 'Arafat's Official Visit *[Brasilia Radio]* 40
'Rapprochement' With Israel Begins; Cardoso To Meet Rabin *[O ESTADO DE SAO PAULO 29 Aug]* 40
Angolan President Interviewed on National Reconstruction *[O GLOBO 19 Aug]* 40
Partnership With Germany Discussed in Symposium *[GAZETA MERCANTIL 18 Aug]* 41
More on Relations With Germany *[FOLHA DE SAO PAULO 27 Aug]* 41

Colombia

Case Against Fernando Botero Discussed *[SEMANA 22 Aug]* 42
Emergency Decrees Get Mixed Reception *[SEMANA 22 Aug]* 46

Ecuador

Alarcon: Government Mistaken in Dissolving Congress *[Madrid EFE]* 48
Allegations of Dahik Mishandling of Funds Viewed 48
Deputies' Censure Initiative 'Admissible' *[Madrid EFE]* 48
Comptroller 'Not Aware' of Misuse *[Madrid EFE]* 49
Dahik Refuses To Resign *[Madrid EFE]* 49

Paraguay

Officials Comment on Rumors of Coup, Oviedo Retirement 50
Wasmosy Urges Calm *[Asuncion TV]* 50
Estigarribia Says Rumors Lack Credibility *[ULTIMA HORA 30 Aug]* 51
Podesta Asserts Wasmosy in 'Control' *[Asuncion TV]* 51
Bolivia's Sanchez de Lozada Interviewed *[Asuncion TV]* 51

Uruguay

Central Bank President Interviewed *[EL PAIS 13 Aug]* 53

Venezuela

Defense Minister Denies Reports of Coup in Colombia *[Caracas TV]* 56
Discrepancies of New Colombian Map Viewed 57
Foreign Minister 'Surprised' *[EL UNIVERSAL 27 Aug]* 57
Points to 'Flaws' in Letter *[EL UNIVERSAL 29 Aug]* 58
Border Minister Offers Explanation *[EL NACIONAL 28 Aug]* 58
Ministers, Deputy Comment *[Caracas TV]* 58

Guyana

Government: Cyanide Poisoning Danger Over *[Madrid EFE]* 59
Government Seeks International Aid With Cyanide Spill *[CANA]* 60

Andean Summit Not To Discuss Peruvian-Ecuadoran Ties

PY3008150995 Madrid EFE in Spanish 1722 GMT 29 Aug 95

[FBIS Translated Text] Quito, 29 Aug (EFE) — Jose Vicente Maldonado, Ecuadoran minister of industry, commerce and integration, today asserted that Ecuadoran-Peruvian bilateral ties will not be an issue of discussion at the Andean summit to be held in September in Quito. He said, however, that the full integration of Peru into the Andean Pact will be discussed.

In an interview with EFE, Maldonado said: "It will be very interesting to hear Peruvian President Alberto Fujimori reassert Peru's integrationist spirit."

Maldonado reasserted that the summit, scheduled to be held on 5 September, will discuss "Peru's full participation in the integration process" that is also known as the Cartagena Agreement (comprising Bolivia, Colombia, Ecuador, Peru, and Venezuela), which the Peruvian Government must decide upon before January 1996.

Maldonado explained that the summit will not discuss "any bilateral issues" such as the reopening of the border between Ecuador and Peru, which was closed after the war that the two countries waged at the beginning of this year, and which was "reopened only by Ecuador."

Maldonado believes that one of the key issues of the summit will be assessing the integration process and the integration agenda that must be implemented by these countries to establish a free trade area in the Americas, as was decided at the Miami summit in December 1994.

In this regard, Andean Pact countries will conduct the pertinent negotiations with the Common Market of the South (Mercosur), comprising Argentina, Brazil, Paraguay, and Uruguay, for establishing free trade ties at the continental level.

Maldonado also admitted that the timetable for negotiations is not being met because there are "difficulties, most of which stem from within the Mercosur." He added that "recently we have established guidelines and priorities" to this end; therefore, he trusts that "resolutions will be achieved promptly."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Minister Meets With Vietnamese Secretary General in Hanoi

PA3008231395 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Aug 95

[From "Evening Information Review" newscast]

[FBIS Translated Text] Do Muoi, secretary general of the Vietnamese Communist Party, has said in Hanoi that his country will continue with the renewal process but that it will never put its principles of socialism and independence at stake.

Upon receiving Cuban Culture Minister Armando Hart, the Vietnamese party leader said everything but the socialist ideas will be renovated in Vietnam. Do Muoi and Hart discussed the situation in their respective nations as well as international political issues. Hart praised the progress made by Vietnam and expressed appreciation for the Vietnamese people's solidarity with the Cubans.

Hart is heading a Cuban delegation that will attend the ceremonies marking the 50th anniversary of the founding of the Republic of Vietnam.

Joint Intergovernmental Commission Inaugurated in Bogota

PA3008193695 Havana PRENSA LATINA in Spanish 0657 GMT 30 Aug 95

[Report by Fausto Triana]

[FBIS Translated Text] Bogota, 30 Aug (PL) — The second meeting of the Joint Cuban-Colombian Intergovernmental Commission begins today in this city within a satisfactory cooperation environment and with the possibility of increasing bilateral ties in various areas.

During a conversation with PRENSA LATINA, Raul Taladrid, vice minister of foreign investment and economic cooperation, pointed out that since their first meeting in April 1994, both countries are preparing conditions to continue increasing cooperation in all the possible areas.

Taladrid, head of the Cuban delegation, said cooperation in public health, economy, science and technology, education, culture, construction, and investments will be discussed at the meetings with Colombia's representatives.

Taladrid said the working schedule proposes the revision of previous agreements, which in this case will stress the consolidation of a public health agreement and the provision of vaccines, medications, medical equipment, and primary assistance to Colombia.

He added that there will also be talks on Cuba's interest to promote Colombian investments in the island, low-cost housing construction, and the opening of bilateral assistance in science, technology, and the environment.

Several vice ministers and Jesus Martinez Beaton, Cuban ambassador to Colombia, are accompanying Taladrid, who also expects to make progress in tourism promotion and in connecting the comprehensive economies of both nations as, for instance, between Cuba's Economy and Planning Ministry and Colombia's Central Bank.

Taladrid underscored that the best evidence of progress in the youthful relationship between Colombia and Cuba is the existence of over 15 agreements, the creation of an institutional basis for cooperation, and the common desire to continue strengthening this relationship.

We have signed an agreement to protect and promote investments, which was complemented with the organization of seminars and lectures for the Colombian business sector, and we expect specific results in this important area, Taladrid said.

He also pointed out that a subcommission will discuss cooperation in the areas of agriculture and fishing at the meeting in Bogota, which has been scheduled for Friday.

Taladrid finally said that following the negotiations, we expect to have a document which will ensure a favorable environment for cooperation between our countries." [quotation marks as received]

Need for Foreign Investment Explained

PA3008190295 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Aug 95

[Station commentary; from the "National Radio News" newscast: "Foreign Investment, What is it and Why?" — read by announcer Cesar Arredondo]

[FBIS Translated Text] Foreign investment is none other than the introduction of technology, money, and other supplies into the economy in order to make the forces of production more dynamic, forcing the economic flow and creating a market to export to and import from.

From our country's strategic standpoint, it is a problem of survival, journalist Susana Atesoro has commented. We cannot forget for a second that our sworn enemies — those who want the Cuban nation to perish in a simple display of the most ferocious annexation intentions — are fighting for just the opposite to happen.

The Helms-Burton Bill, much more interventionist, annexationist, and reactionary-imperialistic than its predecessor the Torricelli Bill, vehemently seeks that not a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

single penny be spent, a single technological resource be used or a single market be opened for our country. This is our enemies' strategy to sink us, to make our nation and its socialist project go under.

We must not underestimate these intentions and plans because, although our people's determination will make them succumb, they can still immerse us in much suffering and hardship and the only way out is to promote just the opposite: investments in Cuba.

But, the question is, who wants to invest in Cuba and why? They are capitalists interested in areas of the Cuban economy that are untouched and who can take advantage of the very rich human potential created by the revolution.

Capitalists do not invest to develop a country, that would be silly, capitalists invest to increase their capital. The country's strategy lies in making sure there are guarantees and that such guarantees are preserved so that capitalists can make the profits they want and that, at the same time, the invested capital will have desired necessary effects on Cuba and its national economy.

Commentary: Opening of Economy to Foreign Investment

PA3108004095 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Aug 95

[Station Commentary read by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] The opening of the Cuban economy to foreign investments, authorized since 1982 by Decree No. 50, calls for a broader, more thorough, and more stable legislation so that foreign investment can be made with more confidence and a better outlook.

A period that could be considered experimental has passed. During this period, the participation of foreign capitals in various areas, particularly in tourism, has been on the rise.

More than 200 joint ventures between the Cuban state and foreign firms have been formed, and they have developed fruitfully for both parties. Private enterprises of 53 countries have invested more than $2 billion in 30 sectors of the national economy, and hundreds of proposals are [words indistinct]. It has also been learned there are other investment plans waiting for certain Cuban Government measures in order to be implemented. It has been proven that relations with the Cuban Government, based on seriousness and guarantees, are totally stable.

The legislation, which will be amended during the regular session of the National Assembly convoked for early September, establishes that participation in mixed enterprises will be based on a maximum of 49 percent of the profits for the investor and 51 percent for the Cuban state.

According to the discussions at the commission level, this participation could be more flexible under certain conditions without the country having to give up the prerogatives of sovereignty and free determination with regard to national interests.

Ways to give firm guarantees and total security for financial contributions and commercial operations to foreign investors who want to participate in the Cuban economy are being studied.

The new Cuban economy has a firm basis. Internal mechanisms must be readjusted so that economic activities will flow in accordance with current world market conditions, without any obstacles or bureaucratic difficulties hindering them.

For several weeks, various commissions of the Cuban parliament have been studying and discussing the provisions included in the draft document on foreign investments.

Regarding this issue, the measures under discussion involve the establishment of free zones, customs measures, storage possibilities, banking operations, the transfer of profits abroad, and other details that will turn this legislation into a trustworthy, secure, and fruitful instrument for all concerned.

The discussion of this bill on investments has systematically been consulted with the citizens in various levels of the economic life, the institutions and organizations tasked with internal administration, and Foreign Ministry officials, as well as tourism, transportation, and communications workers.

No important factor has been slighted, both domestically or abroad, with possible economic partners of the Cuban state, because the idea is to have a maximum of efficiency, guarantee, and confidence in the new path of our national economy and its relations abroad.

Sugar Mill Head on Increase in Labor Force at Cooperatives

PA3008230995 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Aug 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Pinar del Rio — The number of members of the basic cooperative production units [UBPC] has increased recently; therefore, it has become necessary to continue building homes. This is the topic

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

our reporter, Diovaldo Masso, discussed with Felix Benitez Linares, director of the Jose Marti Sugar Mill, located in San Cristobal, Pinar del Rio:

[Begin recording] [Masso] It seems the UBPC labor force has increased recently. Is this the case here at the Jose Marti mill?

[Benitez] We have witnessed in recent months an increase in the labor force at the cooperatives. This increase averages between 15 and 30 men, following a stabilization in the incentives system and the store. One can see there is a greater affluence of workers in the cooperative, a point which results in an increase in the cooperatives' labor force.

[Masso] You will have to continue making a greater effort in housing, however, because having a shelter is what keeps a man stable.

[Benitez] Housing is one of the main problems that remains unsolved at our mill, which is building 56 houses. Its plan for this year involves 96 houses; a group of them is already completed, and another is in the process of completion. Notwithstanding, several measures have been taken to resolve existing material needs and to increase the pace to build the housing units in the months left in this year, so that by 31 December the plan to build 96 houses will be almost finished if not fully completed. [end recording]

Sugar Shipping Terminal in Matanzas Undergoes Restoration

PA3008201095 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Aug 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Matanzas — Twenty-seven projects will be built at the sugar shipping terminal in Matanzas Province during the remainder of this year. This is part of a restoration process in that important installation. Jesus Loyola will have more details for you.

[Begin Loyola recording] The only station of its kind operating with the four basic products of the sugar industry today assumes an investment of 3 million pesos and half a million dollars.

Unrefined sugar in bulk, packaged refined sugar, molasses, and alcohol from this and other provinces are shipped from the Matanzas terminal. One of the constructive objectives for 1995 is to repair the parabolic roof of the sugar-in-bulk warehouse, making it completely waterproof in order to restore its original capacity, 90,000 tons.

Another warehouse used to store packaged refined sugar is receiving a thorough maintenance. Another five more complex projects are being left for next year. [end recording]

Bureau Analyzing Prospects for Nickel Production in Moa

PA2508180595 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Aug 95

[Report by Arnoldo Garcia from the "National Radio News" newscast]

[FBIS Translated Text] The party's provisional bureau today is analyzing the prospects of the current and future nickel production in Moa, Holguin Province, and its effect on the Cuban economy. Reporter Arnoldo Garcia has the details:

[Garcia] In the [words indistinct] nickel factory, recovery is noticeable today and is measured by production and efficiency indexes. One example is the Ernesto Guevara Plant in Moa, where the regrettable fact was that production was unstable, costly, and inefficient for nearly 10 years. Today, thanks to important technological improvements to modernize its fundamental areas in addition to direct incentive plans tied to results, programs giving attention to the worker and strengthening political and ideological work have resulted in a 118 percent yield in general production up to July, with a nearly 70 percent metallurgical efficiency, while costs experienced a 26 cent reduction per pound of nickel produced.

Despite the fact there is still a long way to go in these figures, a technological leap at the Moa Ernesto Guevara Plant can already be perceived through the improved quality of life for workers and a reduced measurable consumption index. These are elements that need to become generalized at other plants that process nickel in Holguin Province, where efficiency and production depend on men who are responsible for this task and are trusted, as Guillermo Torres, director of the Che Guevara Industry, has said:

[Begin Torres recording] Technological discipline behavior is improving day by day, as well as industrial culture behavior, and we understand that both give security to the factory's future. [end recording]

In Moa today, current nickel production and prospects are being analyzed.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

More Than 90,000 Youths Join Student Labor Brigades

PA3108013295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Aug 95

[From the "NTV Newscast"]

[FBIS Translated Text] More than 90,000 youths joined the Student Labor Brigades [BET] this summer. The BET received more support from various organizations this time. During the mobilization, the Transportation Ministry encouraged students who donated part of their vacation time to do social work. Today, 21 BET leaders met with the transportation minister.

The 21 outstanding youths from all over the country are the leaders among the 192 students who weeded the train tracks from east to west during the hot days of July and August. They promoted a type of work that has very little manpower. They received remuneration for their work, and, in addition, the Transportation Ministry gathered the 21 BET national leaders and visited recreational centers for one week.

Otto Rivero, BET chief of staff, has told this newscast these brigades gain more in efficiency and dynamism, which have been qualitatively superior this year, every year:

[Begin unidentified speaker recording] I believe we arrived in time for the new school period, taking into consideration the production results. Each school in the country, municipality, and province is responsible for encouraging the more than 90,000 students who played an important role during the months of July and August. [end recording]

Haiti

Aristide Encourages U.S. Businessmen To Invest in Haiti

PA3008202695 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] There was a conversation between Jean-Bertrand Aristide and a group of U.S. businessmen who are now in our country. Yesterday at the National Palace, Jean-Bertrand Aristide spoke in favor of their investment in Haiti.

Thanking the U.S. delegation for having answered his invitation, the head of state encouraged the U.S. businessmen to invest in the country while giving them safety guarantees. If in the past businesses were going slowly, it is because the conjuncture was not appropriate for that and that the structures did not offer guarantees, he explained.

Nevertheless, President Aristide said he hopes both U.S. and Haitian businessmen will be able to invest in order to boost the national economy.

[Begin Aristide recording] Even though the deputy secretary of state, Mr. Talbott, is not with us physically, his word and his presence in spirit energizes us like the first meeting we had with him here. I thank you and, with you, we can dialogue and prepare better the economic field [words indistinct].

I am very impressed by your words and your presence. Since our first meeting last 31 March in the company of a great friend until this meeting this morning, I have felt [words indistinct] to speed up the process. On the past 15, 16, and 17 May, we held an economic conference here in Port-au-Prince. This beautiful occasion allowed me to push the machine to speed up and to go straight to the point.

The meetings we had here between the two presidential delegations — the one that was headed by Mr. Talbott representing President Clinton and mine with Mr. Baker as president of the Presidential Commission — allowed us to speed up even more. I remain convinced that they will allow us to go even faster. As I am personally involved and interested in this beautiful project [words indistinct] others will not be jealous around the table, I will invite you to meet me before your departure. [words indistinct] [end recording]

For her part, Finance Minister Marie-Michele Rey, who participated in this meeting, did not beat about the bush. Mrs. Rey asked the Haitian and foreign investors to invest their money in Haiti. According to her, that will allow several thousand Haitians to find jobs. [passage omitted]

Speaking during this meeting held yesterday between the head of state and this delegation of U.S. businessmen, Presidential Commission President Edouard Baker said that the objective of this commission is to favor Haiti's economic growth. According to Baker, this commission is now studying the problem of unemployment and has proposed solutions. Furthermore, he invited the Haitian businessmen to participate in the development of their country. [passage omitted]

Brahimi Confirms UN Troops Will Leave Haiti in Feb 96

PA3108032495 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The troops of the UN Mission in Haiti [UNMIH] will leave Haiti, as planned, at

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the end of February. There will not be an extension this time, the special representative of the UN secretary general in Haiti, Lakhdar Brahimi, who labels the work performed on the field by UNMIH as positive, confirmed yesterday.

Furthermore, Brahimi deems the creation of the new national police force imperious while wishing for the increase of its strength.

Moreover, Brahimi restated that the strength of the UN troops on the field will not vary even during the upcoming presidential elections of next December. [passage omitted]

Paul, Delpe Dismissed for 'Disloyal Behavior'

PA3008202295 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The National Front for Change and Democracy, FNCD, is experiencing a very acute internal crisis. After the dismissal of its two spokesmen Evans Paul and Turneb Delpe, one of the new spokesmen denies the allegations that a group of citizens at the National Palace turned the [FNCD] grassroots organizations against Evans Paul and Turneb Delpe.

The decision of the various fractions falls within the scope of the laws governing the front. It is not a question of diversion [corrects himself] of division, Jean-Nazaire Thide, one of the three new spokesmen, explained. We had several discussions with Evans Paul and Turneb Delpe, but nothing positive has been reached. On the contrary, they continue rejecting the suggestions of their peers, Mr. Jean-Nazaire Thide added, before the microphone of Signal.

[Begin Thide recording, in Creole] Most organizations within the front made the decision that Evans Paul and Turneb Delpe still remain members of the front but are no longer spokesmen for the FNCD. Insofar as they are no longer FNCD spokesmen, they are not entitled to speak on behalf of FNCD. [passage omitted] [end recording]

Following a general assembly held on Sunday, [word indistinct] August 1995, several FNCD member organizations decided to dismiss Evans Paul and Turneb Delpe, former FNCD spokesmen for disloyal behavior.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Prices To Cross Illegally Into U.S. Range From $25-$5,000

PA3108001495 Mexico City NOTIMEX in Spanish 2000 GMT 29 Aug 95

[FBIS Translated Text] Mexico City, 29 Aug (NOTIMEX) — Prices to cross illegally into the United States range from $25 in an inner tube to $5,000 for a "service" that begins in Guatemala or El Salvador and can end in Texas, California, or New Mexico.

According to Arturo Lomas, director of the Center for Information and Migration Studies, the flows of illegal aliens into the United States have not increased due to the high cost they involve for migrants.

"The cost to cross the Rio Grande in an inner tube can be as inexpensive as $25 and as costly as to drown in the river's swollen waters or die at the hands of assailants, xenophobic groups, or be detained by agents of the Border Patrol," he has said.

He has said if the migrant comes from such states as Coahuila, San Luis Potosi, Aguascalientes, or Guanajuato, the cost of the crossing rises to amounts ranging from $500 to $1,500, depending on whether a smuggler of illegal aliens is hired.

In that case, he has said, the illegal aliens are hidden inside a van, an automobile, or a railroad car as they cross the international bridges or on foot through an area known as Salem Park, located approximately 50 km from Ciudad Juarez.

According to Lomas, the costliest "services" are those originating in Guatemala or El Salvador, and they include a trip in a third class bus, the crossing through of the central Mexican states with a final destination in the agricultural fields of Texas, California, and New Mexico.

He has said trips of this type can last as long as 10 days from their points of departure in those Central American countries until the final destination, which sometimes is not the long awaited one, is reached, adding that the trips are made in subhuman conditions.

Japanese Official: Economic Crisis Does Not Affect Ties

PA3108040695 Mexico City NOTIMEX in Spanish 0035 GMT 30 Aug 95

[FBIS Translated Text] Mexico City, 29 Aug (NOTIMEX) — Osao Makishima, general director of the Japanese prefecture of Kanagawa, said today the economic crisis Mexico is experiencing in no way affects bilateral relations with Japan due to the close ties of cooperation.

The representative of the Japanese delegation visiting Mexico expressed his government's interest in continuing the current levels of commercial, cultural, and economic exchange regardless of the economic situation.

Interviewed following a meeting between members of the Japanese prefecture and Mexican senators, Makishima emphasized the disposition to extend bilateral exchange, given the "Mexican crisis has nothing to do with this relationship."

During a private meeting at the Senate of the republic, Jose Murat, secretary of the Grand Commission, said relations between Mexico and Japan "are at its highest level and are heading in the right direction."

The senator stressed the significance of Japan as a consolidated nation on the international scene and expressed his sincerest wishes for an increase in bilateral relations as well as in the ties of friendship.

Senator Luis Felipe Bravo Mena stated before the members of the prefecture of Kanagawa, however, that Mexican society is undergoing an overall process of transformation that includes political, educational, cultural, economic, and democratic issues. He added that there is the disposition by those involved in Mexico's political life and society for these changes to contribute in making Mexico a stronger, consolidated nation with a better standard of living.

Also present during the meeting were Norio Kabota, public affairs director of the Department of the Prefecture, Toshihico Isogai, head of the Education Committee, and Koichi Okuma, head of cultural exchange at the Japanese Education Ministry.

Zedillo Meets With Parliamentarian Leaders

PA3008194095 Mexico City XEW Television Network in Spanish 0430 GMT 30 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo met today with leaders of the four parties represented in the Chamber of Deputies. For more than three hours, parliamentarian leaders Humberto Roque Villanueva, of the PRI [Institutional Revolutionary Party]; Ricardo Garcia Cervantes of PAN [National Action Party; Jesus Ortega of the PRD [Party of the Democratic Revolution]; and Joaquin Vela of the Labor Party discussed the legislative agenda for the regular period of sessions of the 56th Legislature to begin on 1 September.

During a news conference, the parliamentarian leaders said that the main points discussed were: 1) reforms in the legislative branch; 2) new relations between the legislative and executive branches; and 3) state reforms.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The parliamentarian leaders spoke at a news conference held at the Veruciano Carranza Hall in Los Pinos Residence.

Civic Alliance Announces Results of EZLN Plebiscite

PA3008161695 Mexico City XEW Television Network in Spanish 0430 GMT 30 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The results of the plebiscite conducted Sunday by the armed ELZN [Zapatist National Liberation Army] in Chiapas were disclosed today.

Sergio Aguayo, Maria Eugenia Lopez, Jose Luis Barajas, Daniel Cazes, Martha Perez, and Enrique Calderon Alzati, members of the National Coordinating Board [Coordinacion Nacional] and Civic Alliance made the announcement at a news conference held at the Association of Foreign Correspondents in Mexico City. [Begin Calderon Alzati recording] The majority of the population voted very intelligently and adequately. I would say that 85 percent voted. The voters expressed two things: that they favor a peaceful solution. In other words, they are asking the EZLN to become an essentially political movement. Some people, however believe it should be an independent movement, while others believe it should join other movements that already exist. [end recording]

The plebiscite was conducted in various towns throughout the country, and in numerous Indian communities in Chiapas. Almost 80 percent of the ballots have been counted so far, according to the Civic Alliance representatives.

EZLN Issues Communique on Dialogue, Government Replies

PA3008161495 Mexico City XEW Television Network in Spanish 0430 GMT 30 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The Government Secretariat tonight reaffirmed its willingness to participate in a dialogue for peace. It announced it will be present at the new round of talks in San Andres Larrainzar on 5 September.

The EZLN [Zapatist National Liberation Army] today published a communique dated 27 August 1995 addressed to the National Conference for Peace, Conapaz, signed by Subcomniander Marcos.

A woman who identified herself as Pilar Bolanos read the document during a National Conference for Peace summoned by civilian organizations in Mexico City.

[Begin Bolanos recording] The so-called San Andres dialogue is worn-out. [end recording]

The EZLN communique does not clearly say if the dialogue with the Mexican Government is broken.

After learning about the EZLN communique, Bishop Samuel Ruiz, president of the National Mediation Commission, Conai, said the dialogue is not worn-out.

[Begin Ruiz recording] It would be exhausted if the civilian society had not responded to it, or if it were not responding at present. [end recording]

Later on, the Government Secretariat gave an official reply. Marco Antonio Bernal, coordinator of the Federal Government in the Chiapas peace talks, said:

[Begin Bernal recording] Regarding the EZLN communique dated 27 August, the Federal Government's delegation informs the public that the San Andres talks are not worn-out. [end recording]

Bernal said the government is firmly committed to continue the negotiations.

[Begin Bernal recording] Our delegation will be present in San Andres Larrainzar on 5 September. [end recording]

In the evening, Government Secretary Emilio Chuayffet met with members of the Harmony and Peace Commission, Comcopa. The meeting ended at 2020. Following the meeting, Comcopa Spokesman Jose Narro said there is no danger of a rupture in the Chiapas peace talks.

Commission Denies EZLN Communique Jeopardizes Peace Talks

PA3108003895 Mexico City NOTIMEX in Spanish 1603 GMT 30 Aug 95

[FBIS Translated Text] Mexico City, 30 Aug (NOTIMEX) — The Harmony and Peace Commission [Cocopa] today denied the communique issued yesterday by the Zapatist National Liberation Army [EZLN] jeopardizes the peace talks in southeastern Chiapas State.

Legislator Jose Narro, Cocopa acting president, said the negotiations between the sides are continuing positively and was surprised by the remarks by the armed group that the dialogue "is exhausted."

The EZLN communique is more accurately a response to the hard-liners within the group or a position before the Mexico City news media than its own position, Narro affirmed.

He said the statement by the armed group that arose on 1 January 1994 "is a publicity stunt" and warned Cocopa

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

may intervene by "going over anybody" to resolve the conflict in the Congress.

The EZLN issued a communique on 29 August stating that "the so-called San Andres Larrainzar dialogue is exhausted" and that the last hope to resolve the Chiapas conflict is found in "civilian society."

Subcommander Marcos affirmed that although fighting in Chiapas is on hold, it may resume at any minute. He expressed confidence that the National Conference for Peace, made up of social groups, "understands what our wish is and that we do not want war."

At the end of a meeting with Government Secretary Emilio Chuayffet, Cocopa members warned they will not allow the problems that led to the conflict to be settled through means other than dialogue and negotiation.

Cocopa stated that the preparations for the upcoming meeting in San Andres Larrainzar on 5 September are continuing and trusted that positive conditions will exist to build peace in that state following President Ernesto Zedillo's first State of the Nation address.

Lawmaker Juan Nicasio Guerra said the EZLN proposals pose difficulties that must be resolved, "because we are not going to let other means be employed to resolve the controversies" that gave rise to the conflict.

He said Cocopa is ready to submit an overall solution to the conflict by "going over anybody," because Congress has the capability to resolve it and to draft laws, budgets, and the necessary reforms to abide by the Law for a Dialogue, Reconciliation, and Honorable Peace in Chiapas.

He said that the process of reconciling the positions of the two sides involved has continued its course since 20 August (the date on which the documents were exchanged) and that there is no risk or warning that the dialogue may be in peril.

Senator Pablo Salazar Mendiguchia said the interpretation that may be given to the EZLN statement that the dialogue is exhausted does not entail a rupture but, rather, that perhaps it needs other resources to renew it and give it air so it can advance.

Mexico Not To Withdraw Additional Credit Line Resources

PA3108001295 Mexico City REFORMA in Spanish 30 Aug 95

[Report by Carmen Alvarez, Hugo Loya, and Martha Trejo — received via Internet]

[FBIS Translated Text] Finance Secretariat and IMF sources have confirmed that no additional credit line resources will be withdrawn. Sources close to the multilateral organization have confirmed that Mexico withdrew $3.4 billion from the IMF in July and August, adding that probably the remaining $6.6 billion of the credit to which Mexico has access ($17.8 billion) will not be used.

"The next credit packages for Mexico are available, but Mexican officials will probably not need the IMF money," the sources have said, recalling that the withdrawal of $3.4 billion was part of the last $10 billion package held contingent with the economic plan the country agreed with the IMF in its 21 February letter of intent.

Mexico has carried out the IMF's economic plan, and the most difficult phase of the matured Tesobonos [Treasury Bonds] payment is over, the sources have said.

Meanwhile, finance sources have said the Mexican Government does not foresee using the remaining $7.5 billion from the $20 billion guarantee package it has with the U.S. Government either.

They have said Mexico may use those resources, but it does not foresee using them for the remainder of 1995, because it has overcome a heavy Tesobonos amortization between January and the first week of August, when almost $24 billion were paid for these instruments.

The sources have recalled that the government only has to pay slightly more than $3 billion worth of Tesobonos for the remainder of this year. This amount does not represent a major problem, because the largest maturity payment, $339 million, will occur on 16 November.

They added that the Mexican Government would rather issue new debt bonds in the international capital markets, to collect resources, and they have confirmed a plan is being analyzed to place $1.5 billion by November.

The last time the Mexican Government received resources from the U.S. financial package was the $2.5 billion received on 5 July. This amount was added to the $5.5 billion contributed by the IMF, the World Bank,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and the Inter-American Development Bank to cover short-term obligations, including the amortization of the Tesobonos.

Profits of Banking System Drop by 2.194 Billion New Pesos

PA3008233895 Mexico City LA JORNADA in Spanish 29 Aug 95

[Report by Juan Antonio Zuniga M. and Roberto Gonzalez Amador — received via Internet]

[FBIS Translated Text] The combined profits of the commercial banking system operating in the country dropped by 2.194 billion new pesos at the close of the first semester of this year; that is, a 51.4 percent real decrease regarding the profits obtained for the same period in 1994, according to reports from the National Banking and Securities Commission (CNBV).

Within the critical economic situation, nine of the 38 commercial banks operating in the country reported $1.56 billion in losses. Meanwhile, the overdue portfolio of banks totaled 66.49 billion new pesos at the close of last June, a 77.4 percent nominal increase in relation to the level of the same date in 1994.

Nevertheless, the amount of credit resources deemed irrecoverable and high risk credits, given the difficulty in collecting the same, reached 31.9 billion new pesos in the first semester of the year, an amount equal to 48 percent of the total overdue portfolio of banks.

Irrecoverable and high risk credits experienced a 112.8 percent combined annual growth, forcing banks to increase the amount allotted for preventive provisions to 19.77 billion new pesos in June; that is, 96 percent more than last year in order to avoid a further deterioration of their financial structure.

The impact of the growth of the overdue portfolio and the increase in resources used for establishing provisions has placed the banking system as a whole in a precarious situation.

Of the 38 institutions comprising the country's commercial banking system, 22 reduced their profits, six increased their profits, nine registered net losses, and one, Banco de Oriente, did not present a report, as it is "in a capitalization process."

For the system as a whole, the CNBV reports show: an 81.94 percent annual drop to June in the profit margin; an average 44.5 percent drop in the yield of capital, and a 50.8 percent drop in the yield on assets, which represent the three basic indicators to determine the profitability of banks.

The capitalization index, comprised by the relationship of net capital and risky assets, increased to 10.79 percent in June, while the delinquency index, which corresponds to the proportion of the gross overdue portfolio with respect to the total credit portfolio, went from 7.32 percent in December 1994 to 10.88 percent last June.

The financial situation of banks as a whole is not healthy and tended to deteriorate in the first six months of the year, but this is the case in three large areas in less general terms.

New and foreign banks that began operating recently have obtained growing benefits. Meanwhile, multiregional banks apparently overcame their critical financial position and will probably tend to merge with other institutions, while national banks, although with different levels of deterioration, are still obtaining net profits and a last chance to modernize their intermediation ability.

East of Paradise

With a different view of the intermediation business, the new banks that began operating in the country less than 15 months ago have managed to modify the spectrum of earnings. Consequently, a foreign bank and a recently created domestic bank are among the five banking institutions with more profits.

According to the CNBV reports, the bank with the highest profits at the close of the first semester of this year was Banamex, with 893.5 million new pesos, an 18.4 percent nominal reduction in profits obtained from the same period in 1994.

In second place came Banco Inbursa, with 720 million new pesos in net profits, nearly 17 times higher than those registered when it began operating toward the first semester of last year.

Citibank, which has operated in Mexico for many years but now has a policy of greater penetration in the banking intermediation market, ranked third among the institutions with highest profits. Its profits totaled 461.5 million new pesos at the end of June and will exceed by 1,077 percent those obtained during the first semester of 1994.

Fourth came Serfin, with 449.7 million new pesos and a marginal growth of 0.74 percent over profits of one year ago, and in the fifth place came Bancomer, with net profits in the amount of 433.8 million new pesos involving a 30.8 percent decline with regard to the level reached last June.

In addition to Citibank, Inbursa, and Serfin, the banks that managed to increase their earnings, were: Interacciones, with a insignificant amount of net profits, 7.2

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

million new pesos; Banco Promotor del Norte, which obtained 19 million new pesos; and Banco Mifel, with 14.7 million new pesos in net benefits.

The institution with the highest losses was Mercantil-Probursa, with a red balance of 1.10 billion new pesos and the majority control of which is now in the hands of Banco Bilbao Viscaya.

In addition, among those banks sustaining losses in a descending order are: Inverlat, with 179.3 million new pesos; Mexicano, with 139.9 million new pesos; Banco del Centro, 74.4 million new pesos; Atlantico 73.4 million new pesos; Confia, 38.8 million new pesos; Banco del Sureste, 14.7 million new pesos; Industrial, 11.2 million new pesos, and Interestatal, with 5.2 million new pesos.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

Report Profiles Banking System Growth

PA3008172595 San Salvador LA PRENSA GRAFICA in Spanish 29 Aug 95 p 2D

[Report by Rafael Barraza]

[FBIS Translated Text] The market for banks continued to grow during the first semester of 1995. While loans granted increased aggressively by 38.72 percent, global deposits rose by 17.31 percent. This growth occurred in spite of a rather restrictive monetary policy that sought to keep inflation under control.

Banco Agricola Comercial [BAC] maintained its leadership as the largest bank of the system in terms of deposits and the size of its loan portfolio, increasing its advantage in deposits over Banco Cuscatlan. This was possible thanks to a 19.44 percent increase in the deposits of BAC, while the deposits of Banco Cuscatlan rose by just 7.05 percent. BAC deposits in the first semester totaled 7.577 billion colones, while those of Banco Cuscatlan totaled 5.921 billion.

BANCASA has managed to increase its deposits by 32.82 percent, the highest growth rate among banks, followed by Banco Desarrollo with 26.76-percent growth rate. BANCASA even managed to climb one step in the banks deposit ranking, exceeding the Banco Hipotecario.

Regarding the loan portfolio, the rapid growth of the total portfolio of banks, which grew by 38.72 percent, should be noted. In particular, BANCASA and Banco Desarrollo have increased their loans by nearly 50 percent. Nevertheless, the BAC also maintains the leadership in its loan portfolio, however with a lower margin than Banco Cuscatlan.

The BAC and Banco Cuscatlan are undoubtedly the largest banks of the system, together concentrating 50 percent of the banks deposit and loan portfolio. Banco Salvadoreno, which ranks third in the market, is an intermediate position between leading and other banks. However, a smaller growth in the portfolio shortens the distance between Banco Salvadoreno and other banks.

Banco de Comercio, Banco Desarrollo, and BANCASA together have 25 percent of the market. These banks show a strong competition and the highest growth rates in both portfolios. BANCASA is about to overtake Banco Desarrollo regarding size indicators, but Banco de Comercio is definitely the leading bank in that category. Other banks are small banks, some in part because they were recently created and together hold 11 percent of the market.

The first semester indicators reveal a growing market, a heavy competition among banks. The banks have expanded their loan portfolio at higher rates than they have increased deposits, particularly the Central Bank. The intervention of the Central Bank to reduce the growth of credit will possibly curb, to a great extent, the expansion of the financial system for banks during the second semester of 1995.

RANKING OF BANKS

(in millions of colones and percentages)

Institution	Deposits Received June 95	Ranking Position	Loan Portfolio	Ranking Position June 95
BAC	7,577,356	1	5,401,732	1
Cuscatlan	5,920,933	2	5,180,679	2
Salvadoreno	3,957,178	3	3,269,476	3
BAN CO	2,989,386	4	2,242,792	4
Desarrollo	2,129,323	5	1,752,382	5
BANCASA	2,045,141	6	1,715,053	6
Hipotecario	1,715,248	7	1,069,745	7
BFA	350,114	8	902,750	8
Citibank N.A.	166,488	9	231,132	9
Banfidex S.A.	130,852	10	180,445	10

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

(in millions of colones and percentages)				
Unibanco	130,505	11	157,519	11
Brinsa	7,248	12	9,054	12
BANKS TOTAL	21,119,672		22,112,759	

Source: Financial System Superintendency

Finance Companies Sector Grows More Than Banking Market

PA3108033095 San Salvador LA PRENSA GRAFICA in Spanish 29 Aug 95 p D-4

[Report by Rafael Barraza]

[FBIS Translated Text] The finance companies sector grew more than the banking sector during the first half of 1995, because the deposits of the former increased by 37.63 percent, while their loans increased by 47.24 percent. Increases in the portfolios of the newest finance companies partly explain this market growth. Approximately 40 percent of the growth in deposits and loans was registered in the portfolios of finance companies other than the three largest finance companies.

Ahorromet and Credisa are fiercely competing to become the system's largest finance company. During the first half of 1995, Credisa came in first place, with 1.63 billion colones in deposits, while Ahorromet came in a close second place, with 1.594 billion colones in deposits. As far as loans are concerned, however, Ahorromet exceeded Credisa, the loans of which amount to 1.446 and 1.36 billion colones, respectively.

Among the three largest finance companies, namely, Ahorromet, Credisa, and Atlacatl, the growth rate in deposits is higher for Credisa, with 30.3 percent, followed by Ahorromet, with 26.68 percent, and Atlacatl, with only 5.27 percent.

Regarding loans, Ahorromet is growing strongly, with 42.56 percent, while Credisa is growing at a 30.93 percent rate and Atlacatl at a 12.68 percent rate.

The growth rates in the portfolios of FICSA and Corfinsa are even higher, but their rates cannot be directly compared to those of the three largest finance companies, because these companies are new and have a small market share.

Ahorromet and Credisa share 66 percent of the finance companies market, followed by Atlacatl, with 18 percent. The other finance companies share the remaining 16 percent but account for 43 percent of the growth in deposits and 38 percent of the growth in loans. FICSA, with 5.5 percent of the market, and Corfinsa, with 3.5 to 4 percent, stand out in this group. The new finance companies Finsepro and Multivalores, which have already incorporated their portfolios into the system, share approximately 2.5 to 3 percent each of the market.

FICSA, Credisa, and Ahorromet are the finance companies that are increasing their return-on-equity rate in larger proportions. Ahorromet is decreasing its percentage of overdue loans in terms of the total portfolio, while Atlacatl and Credisa are slightly increasing theirs.

The finance companies market is showing a high growth rate, and the imbalance is less for the finance companies even though loans have also increased at rates higher than those of deposits, because they have been able to largely increase their deposits. The Central Bank measures will adversely affect the finance companies' expansion ability, thus limiting their growth in loans for the second half of 1995.

FINANCE COMPANIES RANKING

(in thousands of colones and percentages) [as published]				
Finance Company	Deposits as of June 1995	Ranking	Loans as of June 1995	Ranking
Credisa	1,629.523	1	1,360.114	2
Ahorromet	1,593.972	2	1,446.406	1

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

(in thousands of colones and percentages) [as published]				
Atlacatl	924,975	3	718.294	3
FICSA	281.000	4	228.665	4
Corfinsa	133.842	5	163.530	5
Finsepro	146.999	6	134.847	6
Multivalores	120.117	7	96.397	7
Fincomer	51.902	8	40.295	8
Total	4,922.400		4,188.548	

Source: Financial System Superintendency.

Honduras

Reina on USAID Report on Demographic Explosion

PA3108013195 San Pedro Sula TIEMPO in Spanish 30 Aug 95 p 4

[Report by Daniel Serrano]

[FBIS Translated Text] Tegucigalpa — After recommending that Prosecutor General Edmundo Orellana Mercado keep his immunity, President Carlos Roberto Reina said yesterday massive crime degenerates people more than a demographic explosion.

President Reina responded to a USAID report stating that a high demographic explosion will keep the country underdeveloped and, therefore, the number of children should be limited to two per family.

The Honduran Bishops Conference and Monseigneur Oscar Andres Rodriguez have rejected this position because they believe birth control is demographic terrorism.

The president said: "My opinion is that life's right belongs to God." Meanwhile, he said birth control, an issue which has been discussed for decades, should not be used as a political tool.

Reina added that demographic issues must be resolved separately from any political or international situation regarding population growth.

President Reina said parents are entitled to decide the size of their family and the number of children they will have.

He said: "The answer to a demographic explosion cannot be the suppression of lives in the bellies of their mothers. This issue represents a great dilemma mankind has been unable to resolve."

According to Reina, it is necessary to continue discussing the issue so that the most wholesome and correct ideas prevail.

He said: "This subject is not an easy one. I favor neither side but, rather, keep my own ideas as a Honduran, as member of an underdeveloped country, as a Catholic, and as a promoter of a moral revolution."

Regarding a recent message by the Honduran Bishops Conference on issues of national interest, President Reina said he agreed almost 100 percent with the statement.

The Honduran Bishops Conference has explained its position on violence, the agrarian problem, the role of the Armed Forces, a national dialogue, birth control, and the administration of justice.

In this regard, the country's Catholic Church has stated that legal rights, the right to a defense, and the principle of presumption of innocence should be respected and that prosecution based on mere speculations or circumstantial evidence should be avoided.

After announcing he will soon meet with Monseigneur Rodriguez to discuss these issues, the president said: "The Catholic Church is one of the wisest institutions, and its statement is well thought out and benefits the people."

Reina said the point about the administration of justice should be discussed by the Ad-Hoc Commission to verify whether oral evidence still has any value.

He said: "If we eliminate oral evidence, we will eliminate a great void, but if we leave it as it is, we will have a great problem."

Meanwhile, the president said Orellana Mercado would make a big mistake if he stripped himself of his immunity, because he would be in danger and could not perform his duties adequately.

Reina also said the prosecutor general should stay in the country after his term ends despite the fact "all of us who act and affect (vested) interests are in danger."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Regarding water rationing, which affects most of the neighborhoods in the capital city, Reina said the problem is that the pipelines are too old and do not work.

He said: "There should be no problems with water supply. There is enough water. God has blessed us with a good rainy season." He said most of the damage in the pipelines has been caused by landslides.

The president said it was indispensable to speak with the authorities of the National Autonomous Aqueduct and Sewage Service (SANAA) so that the hours for water supply become more efficient.

Nicaragua

Managua Rejects Use of Force in Dispute With Colombia

PA3108035595 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 29 Aug 95

[From the "National Newscast"]

[FBIS Translated Text] The Nicaraguan Government rejects the use of forceful positions to resolve a dispute with Colombia regarding maritime borders. Presidency Minister Antonio Lacayo has made statements in this regard:

[Begin Lacayo recording] We believe any dispute of this type on this continent must be resolved, as matters are resolved among democracies not with prepotent positions of deploying small toy planes. This is not how issues are resolved. If this is the case, the only thing we are doing is alluring the larger nations of this continent to send their planes in the future if they do not like something; that is not right. We reject this form of resolving this conflict. We believe that Nicaragua's rights to its maritime platform are clearly stipulated in international agreements and that any Colombian intention opposing this position must be resolved in an international court, not by believing it will succeed if it resorts to forceful stands. [end recording]

Panama

Foreign Minister Meets With U.S. Official Skol

PA3108030095 Panama City LA PRENSA in Spanish 30 Aug 95 p A-4

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] U.S. State Department official Michael Skol yesterday met with President Ernesto Perez Balladares, whom he told there is no consensus in his country on the issue of a likely renegotiation of the U.S. military bases in Panama.

Foreign Minister Gabriel Lewis Galindo has reported on the meeting and has said the U.S. official said during the meeting there is no consensus in the United States regarding a likely extension of the U.S. military presence in Panama after the year 2000.

Skol arrived in Panama on 28 August (and will leave today) to define the agenda U.S. President Bill Clinton and Panamanian President Ernesto Perez Balladares will follow when they meet in Washington on 6 September.

The agenda will include the revision of all antidrug policies in Panama and the transfer of the Panama Canal to Panamanian authorities. According to the 1977 Panama Canal Treaties, the United States will no longer manage the Canal after the year 2000.

The process of reverting the Canal will take place along the departure of approximately 10,000 soldiers and the dismantling of 10 defense sites the U.S. Army has kept in this country since the early 1900's.

Even though Panamanian and U.S. sectors have discussed the possibility of renegotiating the permanence of a reduced military presence in the Panama Canal area, the U.S. administration has yet to take any initiative on the matter.

"Skol also mentioned to us the issue of the U.S. military bases in Panama, saying it is quite a delicate issue on which the Clinton government has no consensus," foreign minister Lewis has said.

Certain U.S. Government sectors are asking for the renegotiation of the bases, but other sectors oppose this possibility; thus, this issue will not be included on the agenda the two heads of state will follow, according to the Panamanian diplomat. Other sources did not rule out the possibility, however, of the two presidents discussing this issue.

Notes Skol's Remarks on Bases

PA3108030295 Panama City EL PANAMA AMERICA in Spanish 30 Aug 95 p A-1

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] In this capital city yesterday, U.S. State Department official Michael Skol told the Panamanian Government there was no consensus in the United States on renegotiating the military bases beyond the year 2000, just as 200 Panamanian employees are scheduled to be dismissed today as part of the reversion of Forts Davis and Espinar to Panama's jurisdiction.

Foreign Minister Gabriel Lewis Galindo has said during a meeting at the Palace of the Herons that Skol had notified both President Ernesto Perez Balladares and him that opinions in the United States on the issue were divided.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"He told us that the issue is quite complicated for them and that to date there is no consensus between the various U.S. Government agencies on whether maintaining the military bases in Panama would be in their best interests," the foreign minister has said.

Skol was on an official two-day visit to Panama to prepare the agenda Presidents Perez Balladares and Clinton will follow in Washington next week.

Lewis Galindo has said some U.S. agencies are interested in having Clinton begin negotiations to prolong the stay of certain military bases along the shores of the Canal, while other agencies oppose the renegotiation of the Canal Treaties.

Skol, according to the foreign minister, had said that up to the time of his trip to Panama, Clinton had not decided yet whether he would include the issues of the bases on the agenda. He has reiterated the main issues will refer to the transfer of the Canal and the struggle against drug trafficking.

Alonso Rodriguez, secretary of the Local 907 Organization, has said 200 Panamanian employees working at Forts Davis and Espinar will be dismissed today due to the reversion of both defense sites to Panama, which is scheduled to take place on 2 September.

He has said 18 of the 200 employees had been relocated at Fort Sherman, while the rest could voluntarily register with the labor relocation program being managed by the Panama Canal Commission for dismissed employees.

Meanwhile, representatives of the Panamanian Consortium for Community Integration in the United States [Consorcio Panameno para la Integracion Comunitaria en Estados Unidos], which is composed of nearly 200 Panamanians living in eight U.S. cities, will attempt to meet with high-ranking government sources in order to propose a multimillion dollar investment program for the reverted areas.

Reveals Agenda for Visit

PA3108030395 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Aug 95 p A-1

[Report by Jacqueline Clarke]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo affirmed that while President Ernesto Perez Balladares meets with his counterpart, President Bill Clinton, on 6 September in Washington, the U.S. Government will lack a "consensus" on a likely beginning for negotiations on the military bases in Panama.

The Panamanian foreign minister said on 29 August that Perez Balladares, Ambassador Carlos Alberto Arias, U.S. State Department spokesman Michael Skol, and he met to review the agenda that will be followed in Washington on 6 and 7 September.

"Mr. Skol definitely mentioned the issue of the bases and told us it is quite difficult for them" to make a decision regarding the "best interests of the United States," the foreign minister added.

Clinton's delegate also told them that "they lack a consensus as of now, as certain groups are saying President Clinton should start the procedures to negotiate with Panama the permanence of certain military bases, while other factions oppose this possibility," Lewis said.

The high-ranking Panamanian official said it was decided to analyze the transition of the Panama Canal, the fight against drug trafficking, and money laundering as part of the Washington agenda. In addition, the policies of Panama and the United States after the year 2000 will be discussed.

The two governments remain alert to ensure that the transition of the waterway will take place in an orderly fashion, and "we have to ensure that... when 31 December arrives, we will have a labor force that works enthusiastically, as it has done for the time being."

The United States, Panama, and France have asked to include the Panama Canal General Congress, which will gather the world users of the waterway in 1997, on the agenda of the UN General Assembly.

Lewis said he does not know the cost of the 16-day presidential tour of Ecuador, the United States, Japan, Taiwan, and the Philippines. For him, it is more important to estimate this cost, without incurring excessive expenses, in terms of the benefits the tour will bring to the country.

Perez Balladares on Crime, Style of Government

PA3008230695 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Aug 95

[Part I of III of an "exclusive" interview with Panamanian President Ernesto Perez Balladares by Marcos Castillo on 29 August; place not given; from the "RPC Television News" newscast]

[FBIS Translated Text] [Castillo] In your inaugural speech, you talked about the need to fight crime. We witness acts of violence every day, however, and it seems crime has not abated. What do you plan to do about this matter?

[Perez Balladares] I believe your last statement that crime has not abated is not completely true. It is evident we have not managed to solve this problem, but I did

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

not expect to be able to do so within my first year in government.

There has indeed been a considerable decrease in crime. Unfortunately, the problem persists. We cannot assume that policemen will receive the required training overnight. We recently graduated 157 new policemen and are continuing our efforts to increase what is known as the fighting strength of the National Police.

Regretfully, we do not have a basic law yet. You know as well as I that we just left a traumatic period, especially after 1984 under Mr. Noriega. That traumatic period left marks and images in the minds of all Panamanians. Many of those images keep returning to the minds of Panamanians when they see how policemen fight crime, and they immediately charge, for example, that militarism is making a comeback or that the National Police is committing abuses. Neither of them are true. In other words, we do not aim under any circumstances to return to the times of militarism, and there are no abuses by the Panamanian police, which is becoming more professional each day, but we do need to change the law.

[Castillo] Discussion of issues such as the universalization of incentives and the labor reforms has drawn reaction, especially from the opposition, about your alleged meddling in the legislative branch and a style of government with a touch of authoritarianism. What is your opinion?

[Perez Balladares] I believe the latter is true. Something I must admit is that there is authority in the country. I do not believe that this point is negative. There was a void of power during the previous government filled by other individuals whom the Panamanian people did not elect. I believe there was—and I do not want to offend anyone—an inability to harmonize interests independently from the various state branches.

We have tried to guide our legislators, our bloc of consensus. We have had in-depth discussions on all matters the assembly must have dealt with. I am referring to the bills the assembly has debated. We have done this within an atmosphere of cooperation and harmony that should characterize the state branches in order to achieve results.

[Castillo] How much are you willing to risk, politically speaking, to implement your economic project?

[Perez Balladares] I do not evaluate this matter in political terms. I evaluate what I am doing in terms, first, of the proposals I made during my campaign—and that is exactly what I am doing—and then in terms of what is more advisable for the Panamanian people, to the nation's interests. That is my position. Those are the terms under which I am implementing it, and I am trying to do so with the smallest degree of conflict possible; that is, to keep social cost at a minimum.

Article Examines President's First Year

PA3008152495 Panama City LA PRENSA in Spanish 28 Aug 95 p 41A

[Article by I. Roberto Eisenmann Jr.: "One Year"]

[FBIS Translated Text] Ernesto Perez Balladares's administration has completed its first year in office. Let us evaluate it as objectively as possible. Perhaps the most logical thing to do would be to analyze it by sector or ministry.

Presidency: The president and the first lady have brought a certain touch of class to the presidential palace. There might be some who still miss the previous administration's penchant for folklore and "salsa," but they should keep in mind the teachings of one of our history's most influential politician, Arnulfo Arias: "the doctor," a populist politician by excellence, was also known to wear a dress tuxedo once in a while.

Deep inside we all carry that unconfessed desire to perceive some degree of royalty within the presidency... to feel that those who occupy the presidential palace represent our foremost dignity, and elegance. Let us now not begin to perceive Ernesto Perez Balladares as if he were King Juan Carlos, but without any doubt he is a significant improvement. The resolution that is felt at the presidency is a depiction of the man who occupies the executive branch. The president takes decisions, unravels, directs and... makes mistakes, but by taking action. That is highly positive even if there is the risk that his authoritarian proclivity, something typical of his political learning and history, should surface.

The governing political party's dark history of corruption has been dealt with remarkable firmness by the president himself. The case of Legislator Mario Miller, the case of Ambassador Hanono, etc... have been major evidence of a severe presidential attitude. The important issue now is to follow up these cases closely so that they may not become mere propaganda symbols. Panamanians are paying close attention to all the public bids taking place, especially those involving Mexican companies... and especially close attention to everything related to our reverted areas.

Planning Ministry: Minister Chapman has been able to overcome all initial predictions that he would become just another "useful fool" to the Revolutionary Democratic Party [PRD] whom they would use to pass all the tough economic laws, and later scrap him as the "one to blame." Some time ago I wrote that I believed, contrary

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to the opinion held by the experts, that the "Chapman Plan" was not really his but more "Perez Balladares' economic program" but implemented by Chapman. For the moment this is the way it would seem.

During the tough process of approving the law Chapman fought with all his natural clients; some even referred to him as 'the Noni De la Ossa of the Free Zone" (as one of Torrijos' ministers, Jose Antonio De la Ossa was responsible for passing several laws that practically paralyzed the construction of low income housings for decades. A world renowned international banker, De la Ossa is today manager of the National Bank of Panama).

In 18 or 24 months, by measuring concrete results, we will be able to know if Guillermo Chapman turns out to be another "Noni" of an "economic genius." If the IFI [International Financial Institutions] give him what the banks have already promised during the debt renegotiation, Chapman will have come out with flying colors thanks to the apparently competent assistance from Catin Vasquez.

However, what Chapman really lacks is an ability to adequately project an integral view of the government's economic program, as well as offer the country concrete social and economic figures with which we may be able to measure the program's efficiency.

Housing Ministry: Considering the time it takes to complete a building, it is still too early to efficiently measure this ministry. Although the land takeover problem has been handled successfully, we still have to see how the doctor/builder turns out.

Ministry of Government and Justice: In the hands of the president's daughter father-in-law, this vital ministry has very few positive accomplishments in its favor, and a geometrically negative capacity. He has sought to manage the police by resorting to an outdated style of neutralizing its chief, without understanding that he himself has no stripes.

He developed a Police Bill draft proposal which was rejected by the entire nation, including the president himself. The manner in which the media has been handled has been catastrophic. Noriega's media censure laws are still in effect. The only department that works adequately is the Immigration Directorate where his brother-in-law German Gil Sanchez has been managing an area traditionally plagued by corruption. Vice Minister Martin Torrijos, viewed by some PRD sectors as the great hope, has intelligently maintained a very low profile.

Ministry of Education: Perhaps the minister who prompted the least expectation because of his intimate relation with Noriega, yet has had been able to manage himself reasonably efficiently. He was able to pass an education reform (that had been paralyzed for more than a decade) that will do little to modernize the education sector, but has been unable to neutralize the most combative union in the country (teachers and professors). The physical condition of schools continue to be a real embarrassment to the entire country, and require a more efficient management.

Ministry of Labor and Social Welfare: We have all experienced the great crisis produced by the labor reform recently approved. We have stated that the result is yet to be seen because at the end of the crisis what is seen are "minus" signs, with some potential that depends on many more factors than the simple change in the wording of the law.

Nevertheless, what is missing depends more on the president and the promoter, the Ministry of Foreign Relations, than on the labor minister. Although politically damaged, I feel that Mitchel Doens showed prudence, tolerance, ability to negotiate, and persistence. Now he must make a decision on the minimum wage increase, which may somehow help him improve his image in the eyes of the workers movement, his natural habitat.

Ministry of Commerce and Industries: This ministry has obtained successes in the negotiations with regard to the World Trade Organization, its priority objective. Making tourism a priority has had little success for the time being. With the exception of a slipup in prematurely assessing the refinery oil spill, the minister has represented a positive surprise.

Ministry of Foreign Relations: This government has given a very different meaning to this ministry. Instead of an eminently political ministry, it has become in essence a ministry for economic promotion which I am sure will produce the results urgently needed by the country.

Things to be careful about in this sector: 1) ensuring that ideas are proposed with substance; for instance, the City of Knowledge is in my opinion a good idea but it may fail before its inception due to lack of substance; 2) we must be careful not to commit costly errors regarding the issue of military bases due to an excess of gringophilia [gringofilia). We are the second demilitarized country in America. Let us be strong in keeping this superior national goal.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This ministry has made good appointments to the foreign service. I know of various excellent appointments, such as those of Ricardo Alberto Arias in Washington, Dr. Alonso Roy in Guatemala, and Vilma Ramirez in Brussels; but there are other appointments reflecting the traditional Panamanian nepotism. The dismissal of the ambassador to Taiwan is a credit for this ministry.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Menem, Sanguinetti Hail Progress in Mercosur Union

PY3008214295 Buenos Aires TELAM in Spanish 1927 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (TELAM) — Argentine President Carlos Menem and Uruguayan President Julio Maria Sanguinetti today expressed their satisfaction with the progress the Mercosur [Common Market of the South] customs union is making and the prospects for negotiations with the European Union scheduled to begin on 15 December.

In a joint communique signed by the two presidents at the Olivos Residence, they also expressed agreement in "the necessity of intensifying the efforts to strengthen and enhance the Mercosur integration process."

Menem and Sanguinetti expressed their "belief that the trustworthiness and firmness of (the Mercosur) integration process are based on the legal security it can provide to economic agents and investors."

The two presidents agreed on the decision "to promote, through the respective governments, all the measures required to effectively implement these agreements." They also confirmed "the political decision of competitively and broadly integrating Mercosur into the world."

The two presidents also emphasized the significance of negotiations between the Mercosur and the Latin American Integration Association countries, especially "negotiations between Mercosur and the European Union," scheduled to begin in Madrid on 15 December.

The two presidents also highlighted the upcoming meeting of a working group of the regional organization established under the Trade and Development Committee of the "World Trade Organization." This meeting will serve "to introduce Mercosur to this multilateral forum."

The communique was signed by the two presidents during a ceremony at the Olivos Residence. Argentine Foreign Minister Guido Di Tella, Uruguayan Foreign Minister Alvaro Ramos, the Argentine ambassador to Uruguay, the Uruguayan ambassador to Argentina, members of the Uruguayan presidential delegation, and Argentine Government officials were present at the ceremony.

Menem Questions U.S. Ambassador, Supports Cavallo

PY3008205295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1328 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (NA) — President Carlos Menem today questioned U.S. Ambassador James Cheek, and he once again expressed his support for Economy Minister Domingo Cavallo.

In remarks to Radio La 9.90, the head of state indicated that Cheek "is an ambassador who evidently admires Argentina, and is well acquainted with the habits and preferences of its people, but every now and again he has some outbursts that are not in accordance with what an ambassador from any country should engage in, much less such an important envoy as the U.S. ambassador."

He also stressed that "there is no ill-feeling toward the economy minister, nor is there any established schedule" for him in terms of his remaining on the job as head of the Economy Ministry. He added that "the logical, normal schedule is the length of the mandate of the president," although he admitted that "if, during the course of those years, there are upsets, then they have to be resolved" via the mechanism of replacement, as has been done "with more than 28 or 30 ministers over a term of nearly six and one-half years."

Menem also emphasized that the government "is not negotiating anything with the CGT" [General Confederation of Labor] to lift the measure of force the latter has announced for 6 September, and he acknowledged that he did not know "whether it will be a strike or a mobilization."

The president also denied the possibility that the PAMI [Comprehensive Medical Assistance Plan] will be privatized, and he made it clear that "a free election of state-run health insurance companies" is being sought.

President's, Economy Minister's Popularity Increases

PY3008183195 Buenos Aires TELAM in Spanish 0942 GMT 30 Aug 95

[FBIS Translated Text] Buenos Aires, 30 Aug (TELAM) — President Carlos Menem's positive image improved by nine points during the past 15 days, and that of Economy Minister Domingo Cavallo by 11 points after the charges about business "mafias" that he made last week in Congress.

Of those who were consulted in a poll carried out by the Gallup Agency, 45 percent expressed their approval of the task that Menem is carrying out, nine points more than the results of a poll that was taken on 16 August.

Meanwhile, the positive image of the head of state climbed from the 32 percent that was registered 15 days ago to 39 percent, according to the results of a poll that were disseminated last night on the "Tiempo Nuevo" program, aired by Telefe.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The poll indicates that 67 percent of those consulted approve the charges that Cavallo made about the existence of economic "mafias" last week.

Of those consulted, 74 percent indicated that it was a good thing that Menem has retained Cavallo as economy minister, and 51 percent maintain that it would be a negative factor if he was replaced.

The poll indicates that 42 percent of those consulted approve the task that is being carried out by the economic team, and 39 percent have a positive image of the minister.

Finally, another poll that was requested by the program's anchorman, Bernardo Neustadt, the results of which were also aired on the same program last night, indicates that 53 percent of those consulted believe Cavallo's remaining at the head of the ministry is a good thing for the country.

Cavallo Briefs Congress on 'Mafias,' Ties To Businessman

PY3008174495 Buenos Aires LA NACION in Spanish 24 Aug 95 p 4

[Article by Sergio Levit]

[FBIS Translated Excerpt] [Economy Minister] Domingo Cavallo upped the stakes in the gamble he took to recover the significant power he wielded during many years within the Menem administration by proffering important charges against businessman Alfredo Yabran [owner of the companies Ocasa, Andreani, OCA, Edcadassa, Interbaires, Intercargo, Sapran Techno, Sapran Inc., Sapran Ltd., High Med, and Sky Sab]. The businessman was named by Cavallo as the leading protagonist of an alleged criminal association that the economy minister termed "mafias."

The strategy was proved when he did not reveal the names of those who supposedly seek to unseat him, something which caused disappointment among those who expected the minister to do so.

The ever-so-conspicuous Yabran once again bore the brunt of the full attack launched by the economy minister, who also disclosed some names of people who, in his view, were used by the mafia. This is the case of Enrique Benedetti and Raul Baglini, Radical Civic Union [UCR] deputies; former Peronist Deputy Celestino Blanco; and journalists Daniel Hadad, Bernardo Neustadt, and Roberto Garcia, director of the newspaper AMBITO FINANCIERO.

Cavallo also mentioned former UCR Deputy Cesar Jaroslavsky.

Nevertheless, the minister exonerated Jaroslavsky — of whom [President Carlos] Menem is particularly fond — when he stated: "He asked me in good faith to grant an audience to Yabran."

What was expected, however, was something along the lines Cavallo had suggested, in particular, during the "Hora Clave" program hosted by Mariano Grondona [on 17 August] — that infighting within the government hinders Cavallo from enforcing a substantial number of his decisions.

Never since 1989 were there such high expectations at the Chamber of Deputies for what a minister had to say. It was not just another briefing.

The suspicion that infighting within the cabinet was rapidly approaching the flashpoint on account of the Post Office Privatization Bill currently under discussion in Congress gave a special flavor to the economy minister's briefing. This suspicion was corroborated by the public confrontation between Cavallo and top- and mid-ranking government officials, who are all friends of Menem's.

Cavallo gave a logical, nearly flawless briefing linking Yabran to the Post Office, the removal of Gustavo Parino as the head of the National Customs Administration, and the charges leveled against irregularities in the Argentine National Bank computerization so as to prove that mafias are hampering the action of honest members of the economic team. [passage omitted]

Peronist deputies were concerned about Cavallo's reaction, but obtained some measure of support from the executive branch.

In an interview with the newspaper LA NACION, the president clearly expressed his will: "Cavallo must appear before Congress to give explanations." Although this was put down to a rash reply by the head of state, the latter nonetheless stood his ground and did not come in support of his minister.

What is more, yesterday Government House attached special importance to the outcome of Cavallo's briefing before the Chamber of Deputies. The minister's moderate tone aroused suspicion of an agreement between the opposition and the government so that the latter could wriggle out of the tight spot Cavallo's accusations had placed it in. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ambassador Acknowleges Cuba's Debt With Argentina

PY3008205495 Buenos Aires TELAM in Spanish 0014 GMT 30 Aug 95

[FBIS Translated Text] Cordoba, 29 Aug (TELAM) — Nicolas Rodriguez, Cuban ambassador to Argentina, today spoke in favor of enhancing bilateral relations with Argentina. He also announced the possibility that the Cuban government will facilitate the establishment of Argentine companies on the Caribbean island for commercial or industrial purposes.

During a meeting with Cordoba Province Governor Damon Mestre today, Rodriguez acknowledged that Cuba's debt to Argentina amounts to $1.2 billion on account of commercial transactions over the last 18 years.

The Cuban ambassador was received at Government House by Mestre, who was accompanied by Jose Porta, Cordoba labor and production minister and Oscar Aguad, the minister for institutional affairs and social development.

Following the meeting, Porta pointed out that the Cuban diplomat "had acknowledged that Cuba owes Argentina $1.2 billion resulting from commercial transactions over the last 18 years."

The provincial labor minister indicated that Rodriguez "had voiced Cuba's need to step up trade with Argentina."

Porta added that the Cuban ambassador had stated that as his country "is not in a position to settle that debt, it might allow Argentine companies to be involved in construction businesses or engage in commercial and industrial transactions in Cuba."

With regard to Cordoba, Porta explained that Cuba's interest in this province lies in the area of "companies linked to tourism, as well as to the production of edible oil and the dairy industry."

South Korean Foreign Minister Visits, Signs Agreement

PY3108021295 Buenos Aires TELAM in Spanish 2216 GMT 30 Aug 95

[FBIS Translated Text] Buenos Aires, 30 Aug (TELAM) — South Korean Foreign Minister Nomyong Kong, who is visiting our country, today emphasized that Argentine economic growth under the government of President Carlos Menem enhances the prospects for economic cooperation between Argentina and Korea.

The South Korean foreign minister said: "Argentina and Korea significantly agree on international security, world peacekeeping, and trade development."

Kong this afternoon held a news conference at the Foreign Ministry Golden Hall where he, along with Argentine Foreign Minister Guido Di Tella, signed a bilateral agreement on the promotion and protection of investments.

During the news conference, the South Korean foreign minister emphasized: "Korea supported Argentina's White Helmets proposal in the United Nations and we look forward to Argentina's support for our entry, as a non-permanent member, in the UN Security Council."

The visitor pointed out that trade with Argentina totals $527 million per year, with a strong deficit for Argentina. Nevertheless, he noted: "Argentine exports to South Korea grew significantly last year and may grow even more."

Kong indicated that he spoke with President Menem about the advantanges of establishing direct air traffic between the two countries.

The South Korean foreign minister explained: "Korean Airlines would like to carry many Asian tourists to Argentina."

With regard to the fishing issue, Kong indicated: "We asked Foreign Minister (Guido) Di Tella to supply visas to our officers." He emphasized his country's significant participation in fishing operations in the South Atlantic, "where 38 South Korean ships are operating under the Argentine flag."

Concerning sports, Kong noted: "South Korean fans hope to see [Argentine soccer player] (Diego) Maradona playing soon." He added that he had solicited Argentina's support for Seoul to host the 2002 Soccer World Cup.

Uruguay's Sanguinetti Holds News Conference

PY3008232095 Buenos Aires TELAM in Spanish 1828 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (TELAM) — Uruguayan President Julio Maria Sanguinetti today emphasized that there has not been a significant flow of capital from Argentina to his country over the past few days following the controversy prompted by Argentine Economy Minister Domingo Cavallo's public charges.

Sanguinetti said: "With regard to the entry or flow of capital, there have been some variations but there have been no dramatic flows that would warrant highlighting such a situation."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

During a news conference at the Olivos Residence, Sanguinetti was asked whether his government was concerned with the situation prompted by the Argentine economy minister's charges and its probable repercussions on the integration process.

Sanguinetti pointed out: "A process involving many profound changes such as those which have been implemented in Argentina over the past few years will, of course, prompt controversies inside and outside the government. Such controversies are inherent to these transformations."

Sanguinetti noted: "What really matters is that, beyond these controversies, the president of Argentina has had the ability to steer the discussions and firmly keep the course."

During the news conference, which was held after the two presidents signed a joint declaration, Sanguinetti announced that "the construction" of a bridge linking Buenos Aires and Colonia "might begin in late 1996."

Sanguinetti explained that the initial stage, in which the consulting companies arrived at a "favorable conclusion on the economic feasibility of the project," has already been completed.

Sanguinetti indicated that, "after the environmental impact studies," a bid might be called "late this year, in mid-1996, or in late 1996 to begin building the bridge."

Sanguinetti emphasized that the two governments "share the decision" of building the bridge that he described as "a fundamental link within a broader concept of the integration process."

Sanguinetti noted: "The two governments have made the decision to build the bridge through the public works bidding system, without diverting funds from the two states, as it is not easy to finance it."

Sanguinetti emphasized that the bridge project "is totally unrelated" to the project of building a floating airport on the River Plate to move the metropolitan airport there. This issue was reviewed "in passing" as "it is an Argentine issue," he pointed out.

Concerning this issue, the Uruguayan president noted: "The Argentine government has informed us of its interests, its concerns, and the requirements of the city of Buenos Aires. It will raise this issue with the River Plate administrative commission."

Asked about Uruguay's reasons for deciding against the privatization of its share in the Salto Grande hydroelectric dam, Sanguinetti pointed out: "At this moment, we are not in a financial pinch. We do not have a power deficit and the dam is reasonably efficient."

Concerning the power issue, Sanguinetti emphasized: "We have promoted the establishment of a new, common, and integrated market, which represents a substantive change that cannot merely be limited to the privatization of Salto Grande."

Even though the two countries have taken different paths, the Uruguayan president pointed out: "These paths are not incompatible and we are working on mechanisms to continue to harmoniously operate, within a framework that will not escape the system that united us."

Sanguinetti emphasized: "In a market economy, what really matters is the competition, regardless of the ownership of public or private operators."

The Uruguayan president noted that the establishment of this common energy market actually represents "something revolutionary" because thus far "buyers and sellers have not been operating freely."

Asked about the possibility of establishing a Mercosur parliament [Parlamento del Mercosur], Sanguinetti said: "The Mercosur is a sophisticated process which may or may not include parliamentary integration."

In his opinion, it is urgent to draw up laws and establish courts to settle specific public and private conflicts. Concerning private conflicts in particular, Sanguinetti noted: "Specific laws, codes, and judges are required to guarantee investments."

The Uruguayan president also said he is "very satisfied" with his visit to Argentina as "we have not merely discussed specific issues at the highest level, but we have again expressed our profound agreements and the kinship and friendship existing between us as we partake in the same process."

Uruguay's Sanguinetti Concludes Visit, Departs for Home

PY3008161695 Buenos Aires TELAM in Spanish 1330 GMT 30 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 30 Aug (TELAM) — Uruguayan President Julio Maria Sanguinetti today concluded his official visit to the country. During his visit, Sanguinetti, together with his Argentine colleague, Carlos Menem, reaffirmed the political will of both heads of state to give a renewed impetus to bilateral cooperation and complementation.

The Uruguayan head of state highlighted the fact that during his visit to Argentina, an "intensive and in-depth political dialogue" was achieved "with regard to where we are, where we are going, and at what point we find

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ourselves in the integration process" between the two countries.

Sanguinetti chatted with the journalists just before departing on a Pluna Airlines flight from the Jorge Newbery Airport, where he was seen off by Foreign Minister Guido Di Tella and Vice Foreign Minister Fernando Petrella. [passage omitted]

During his stay in Argentina, Sanguinetti had two working meetings with Menem, and on 29 August the two heads of state signed a joint communique at the Olivos Residence in which they highlighted the "profound relationship between the two countries."

The document includes a review of joint works and remarks linked to the socio-economic situation within the region.

Cavallo's Continuing Conflicts Discussed

95SM0480A Buenos Aires CLARIN in Spanish 20 Aug 95 pp 14-15

[Commentary by Eduardo van der Kooy: "Alone Against Everyone"]

[Text] Carlos Menem had to back him publicly twice in one week. Eduardo Bauza mediated in order to ward off another scandal with Congress, which was ready to pass the mail law. Eduardo Duhalde challenged him before an audience of businessmen by proposing changes in the economic model, but ended up backpedaling.

History repeats itself: Every time Domingo Cavallo errupts, the earth trembles under the government's feet.

There is an unmistakable state of alert. These tremblors occur with increasing frequency, and no one can guarantee that at any given moment, the earth will not split open and end up causing a political disaster.

Many of last week's episodes unfolded like an old film well-known to all Argentines. The minister of economy burst onto radio waves and the television screen discrediting economist Guillermo Calvo, a professor at the University of Maryland, attacked industrial groups demanding change, proclaimed the existence of crime syndicates conspiring against his team, and was about to engage in a *mano-a-mano* with legislators moving forward on the postal law.

During the last serious crisis in November of 1994, almost the same thing occurred. At that time, Cavallo sought the support of American Ambassador James Cheek to check the mail bill via half approval from the Senate. The victims of his nerves were then teachers and scientists, whom he sent off "to wash dishes." There was even a skirmish with Duhalde.

Between that past and this present, however, the political conditions have been changing. That time, Cavallo threatened to resign as a means of exerting pressure, but this time, he seemed determined to resist any sudden attack that might arise from inside or outside the government. "I am not going to give up the ship in difficult times," he explained, taking a somewhat dramatic tone.

In November of the previous year, Cavallo enjoyed enviable political strength, enough to make him believe he should set "certain necessary conditions" for staying on with Menem for a second term.

The minister still enjoyed a high popularity rating and the first serious difficulties with the plan were only beginning to surface. The crisis in Mexico, which later wreaked havoc, was but a gloomy prediction being made by a few, and the statistics had not yet painted the dimensions of the social drama in black and white.

Nor was Menemism able to hold back too much in its palace squabbles. Simple stability was the president's only safeguard for the coming May elections in which he would have to run again. As a result, Cavallo's warning nearly pushed him over the brink. He knew his own power and also the weaknesses of others.

The picture looks different now. To begin with, Menem now knows he will be in the Casa Rosada [Executive Mansion] for four more years. In addition, he won the elections by such an enormous landslide—in the midst of economic jolts—that it allowed him some freedom to reduce his political dependency on Cavallo and also Duhalde.

The minister must demonstrate that the economic plan can reverse the social exclusion that it produced and fight to check a certain disenchantment which his image is beginning to produce in the collective mind. This would explain his determination to lock himself in his seat. Leaving under the circumstances could become a point of no return for his political career.

In addition, the minister seems to have been his own victim. He always engaged in frontal assaults within the government, perhaps without distinguishing the wheat from the chaff. For example, did he really need that explosion in May 1994, when he stalked out of a Cabinet meeting in La Rioja shouting because he had witnessed the crash of the Supersecretariat of Security of which there remains not a trace?

He made a duke's mixture last week as well. He blamed drug rings—which he declined to identify—for accusations of bribery in a National Bank computer project. He rebuffed General Secretary Alberto Kohan by involving one of his main officials in the case. And

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

yet, he said not a word about the responsibility that could have been attributed in this process to the board of directors under his command.

In addition, he revived an alleged conspiracy against him and the former secretary of public revenue, Carlos Tacchi, and lumped Bauza together with them.

He resuscitated a defunct opposition and gave Chacho Alvarez a platform, seemingly breathing new life into the latter. Although he rose speedily to the occasion, the Front leader had never imagined that the government itself would stir up the issue that gave him political notoriety and that has bothered this government so much: reports and suspicions of corruption.

The president tried to halt the dizzying spiral, claiming to be unaware of the existence of drug rings and diverting any alleged investigation to the Ministry of Justice.

Indeed, for some time now, Cavallo has been lopping off heads. He has denigrated the Congress every time he has had the chance without making any distinction between the ruling party and the opposition. He sowed doubts about the honesty of the Judicial Branch. He turned a deaf ear to the complaints of the Armed Forces. He challenged the opinion of the Church.

In spite of everything, he was able to regain the political energy to continue this kind of fight against everyone. He used the incomprehensible agreement with the International Monetary Fund (IMF) and the economic formulas promised for the future to revalidate his credentials in foreign power centers.

There were knee-jerk reactions. The day after the wave of rumors concerning his resignation, the country's leading business organizations backed his stay in office, solidly linking it with Menem. The bankers took an identical path. With this encouragement, he could face the difficult times that surely lie ahead.

At this point in time, the president seems tired of having to swear loyalty to his minister ever more assiduously. And yet, however much they rack their brains, Menem's advisers have not yet come up with an alternative to a government without Cavallo.

It sounds like Mission Impossible, but alchemy is brewing in the government. They could split the Ministry of Economy, with Ricardo Gutierrez in Finance and probably a businessman in production.

That name is still but a fantasy, and such an equation would be feasible only with the consent of Cavallo himself. A messy ouster would ruin everything, not only because given such a scenario, he would drag along his whole team, but also because the government does not want to see the minister on the side of the opposition.

They are even reserving an offer for him: returning to the Foreign Ministry that Guido Di Tella would leave vacant by moving to the Argentine Embassy in Washington or to the United Nations.

Here fantasy seems to clash with reality. Before thinking about his departure, Cavallo seems obsessed with retaining every last shred of power he now enjoys in his ministry.

Which is why he is waging a silent battle against the head of the Cabinet. Curiously enough, Bauza and the minister of economy were always in charge of signing the truces that succeeded power struggles. Now they seem to be the main protagonists in one of them!

Along with Duhalde—and many ruling party lawmakers—the head of the Cabinet is backing the splitting of the Ministry of Economy from December on. In order to make the undertaking go down more easily, they are thinking of the former auditor in Santiago del Estero, Juan Schiaretti, as Cavallo's sidekick. Not even then would the minister want to compromise, however.

There are other highly sensitive issues for both. It remains to be seen, for example, to what extent Bauza is willing to oversee the execution of the budget—as provided by the constitutional reform—which is still Cavallo's province. The fate of the bodies that regulate privatized enterprises, heretofore governed by the Ministry of Economy, also remains an unknown.

In the meantime, the head of the Cabinet and the minister continue to train for this main event. News of contact between Bauza and Vice President Carlos Ruckauf with Roberto Alemann served to notify Cavallo—whether intentionally or not—that his word on the economy has ceased being sacred in the government.

The meeting occurred before the May elections and no direct feelers were put out to the economist for replacing Cavallo. He was simply asked what might happen in Argentina if the minister were possibly removed. Alemann's diagnosis effectively ruled out any such possibility.

Bauza generally has other advisers who are always the same ones. He consults Calvo from time to time, meets with the economists in the Foreign Ministry, and also listens to Radical Ricardo Lopez Murphy, who is somewhat removed from the former governor of Cordoba, Eduardo Angeloz.

Cavallo does not stand idly by and when he can, returns the courtesies. The minister managed to have the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

government produce, via an order, a series of important changes in social projects, deactivating the National Health Insurance Administration (ANSSAL), which has become a financial spare tire for trade unionism.

The General Labor Confederation (CGT) was surprised and caught off guard. Scarcely five days before the official resolution—on Friday, the 11th—Bauza had guaranteed CGT leader Gerardo Martinez that nothing would be changed in the social projects.

The labor leader personally reproached Cavallo last Tuesday for failing to keep the official promise, but was met with a harsh reply: "You do not elect your interlocutors in the government," he fired off.

In the midst of so many snares, the head of the Cabinet and the ministers made one free move: They agreed that the Office of Secretary of Security, under Brigadier Andres Antonietti, and all the other organizations will in the future come under Minister of Interior Carlos Corach. Someone had to foot the bill, however: Oscar Camilion will lose any control over the Gendarmerie and the National Prefecture.

In this way, Cavallo seemed to give up his old and debated plan for a Ministry of Security, but obtained something in return: He will administer the special funds—advances from the National Treasury—that Interior usually distributes in the provinces.

The minister also appeared pitted against Duhalde last week over his solidarity with manufacturers seeking economic reforms. Duhalde alternately criticizes and praises, but for the time being does not want open combat. Above all, he is trying to preserve his hypothetical candidacy for four years from now.

Bauza often turns into an elusive adversary who makes and breaks deals in the backroom.

Menem hands down the decision when he has no other choice—last week on the side of the minister of economy and against the governor of Buenos Aires—but he always derives some benefit from these annoyances. In the end, he manages to see that no one stands in his light.

Cavallo frequently seems to end up alone in the official arena, often shadow boxing.

Economy Minister's Political Battles Viewed

95SM0472A Buenos Aires CLARIN in Spanish
6 Aug 95 pp 16-17

[Article by Eduardo van der Kooy: "Cavallo's Battles"]

[FBIS Translated Text] The economy has done nothing good for him since December when the crisis in Mexico rendered the problems with the conversion plan more acute. And also, the long-feared day arrived—the report of 18.6 percent unemployment laid bare the true social reality in Argentina.

Nor did politics allow him any respite. Beginning with the clear electoral triumph in May, Cavallo has had to maneuver to prevent reductions in his authority. First came the clashes with the parliament over the Patent Law, and then the debate with Eduardo Bauza about the authority of the prime minister and the future law on ministries. And, just a short time ago, Eduardo Duhalde began to harass him—although he finally retreated—about the reduction in the employers' contributions.

Economics and politics have joined together in recent weeks to place Domingo Cavallo in the most delicate and critical situation he has found himself in since he made himself the craftsman of stability in 1991.

His battles and his furious bouts inside and outside the government have always been recognized phenomena, but they have invariably been eclipsed by the success of the economic program. Now things seem to be different. Cavallo will have to continue to do battle with the same old adversaries, but the economic situation is no longer anything like a shield that could protect him as he fights each of his battles. In addition to the continuing unemployment problem, there are unmistakable indications of a recession—industrial production was down 15 percent in July.

The regional economies are also reflecting the crisis. The political maneuver that led to the early resignation of Eduardo Angeloz did not serve to calm the social conflict in Cordoba. Street demonstrations followed in Entre Rios and La Rioja. Salta was shaken by a series of incidents on Friday.

As had been foreseen, the outbreak in San Juan suggested that there were objective limitations on the government's effort to impose a new adjustment. On the issue of a reduction, pure and simple, in provincial wages, there was a retreat.

One incident sounded the alarm for the government and revealed the magnitude of its helplessness in the social sector in many cases. A minister spent half the day last Wednesday trying to obtain from Alberto Mazza and Eduardo Amadeo the basic resources needed to prevent one of the two most important hospitals in the capital of San Juan from having to close its doors.

Cavallo must also deal with the turbulent thrusts of the Menem government, which intersperses realistic proposals with extravagant ideas for combating unemployment. In this connection, he has brought back some of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

officials with whom he has neither personal nor political affinity. Secretary of Environment Maria Julia Alsogaray astonished many in the government sector by proposing the transfer of the Aeroparque to an island, in an apparent attempt to outdo Raul Alfonsin's extravagant and frustrated plan to transfer the capital to Viedma.

The ministry of economy had difficulty in pacifying the heated spirits at the cabinet meeting on Thursday. "It will be necessary to determine whether it is possible to recover the investment," he maintained. In this instance, he had Vice President Carlos Ruckauf, who circumvented Maria Julia's plan, as his ally.

Cavallo had to turn to his closest political circle, which he needs to restrict further, in order to avoid becoming trapped. The explosive resignation of Carlos Tacchi as secretary of public income faced him with a dilemma.

Either he could join in that official's rejection of the government's political decisions on tax matters and enter into a frontal battle with Bauza, or he could choose to protect his own future and avoid creating a crisis that would have unpredictable consequences for the government.

Various factors influenced his final decision. To speak the truth, Tacchi left him no real choice. He threatened to resign if there were no second veto of the law providing vinegrowers and tobacco producers with exemptions from welfare contributions until December, which the Congress had confirmed by a two-thirds vote.

He submitted his resignation as soon as he was certain of this, adding the term "inevitable," which had not been included in its original text, while at the Casa Rosada, the minister sought some way to keep him in his post.

Many of Tacchi's arguments seemed to lack a stable basis. He seemed to be doing battle for a proposal that almost everyone thought would contribute little to the tax collection total. The demand for a second veto of a given law—only partially altered—also led to objections of a legal nature. And finally, there was a risk of potential conflict with the parliament that would threaten a whole series of labor laws that need urgent approval and are apparently essential to the conversion program.

Nor could the minister ignore the lesson of history. Cavallo had not, at this time, forgotten what happened in the month of April, when Tacchi criticized and ignored Bauza, forcing him to accept the tax extension granted to the soccer clubs. The prime minister kept mainly silent through that unpleasantness, but it is known in every sector of the government that he is not a man inclined toward political forgiveness.

Other factors came into the crisis. The bond between the minister and his secretary of public income no longer seems to be the same as it was in the early years of the administration. The decline in tax receipts in recent times has had little or nothing to do with this change. It would seem to be a logical result of the economic recession, rather than any lack of efficiency in the fiscal policy.

There are still unresolved issues, however, between the two. For example, Cavallo has never been able to completely accept the suit filed—it was dismissed—by Tacchi against an automotive enterprise for tax evasion.

Nor could he understand the tax policy on livestock and meat that led to court intervention, with the filing of appeals, and resulted in more tax evasion than ever before. A recent decree has now been promulgated by Secretary of Agriculture Felipe Sola, with the agreement of Cavallo but without the participation of Tacchi, in an effort to resolve the problem.

Also, it has always been difficult for the minister to pursue the same style of leadership with the former government official he uses with the rest of the economic team. It took a tremendous effort on his part to raise any questions at all about the measures adopted by Tacchi. Nor could he achieve anything by using his influence on a secondary level. In his official capacity, the former secretary of public income never had any undersecretaries.

Above and beyond all of the factors mentioned, one thing seems to have come clear in the course of the crisis. Cavallo would have preferred not to have had to deal with the dilemma created in the midst of the current torturous economic situation.

He seemed, at least, to have made no plans, opting for a practical emergency solution. He increased the authority of Secretary of Finance Ricardo Gutierrez, turning the responsibility for public income over to him, and he replaced Ricardo Cossio in the General Directorate of Taxation (DGI).

The conclusion to this chapter began to develop on Thursday of last week. That day, Ruckauf, who is acting as interim president during the visit being paid by Carlos Menem to Lima, received a telephone call from Minister of Social Security Walter Schulthess warning him that the 10-day period allowed for a veto of the law protested by Tacchi had elapsed.

Ruckauf consulted Bauza, and the prime minister organized a meeting at which Cavallo, Tacchi, Armando Caro Figueroa, and secretary Carlos Abbihagle were also present.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

It was not long before Troy began to burn. As soon as Abbihagle had voiced his opposition to the veto, Tacchi besieged him with accusations. He went to extremes. "The fact is that you are from Mendoza, and you are defending the interests of the vinegrowers," the man who was still secretary of public income charged. The official from Bauza's office shouted a response, coming close to losing emotional control. Caro Figueroa appeared puzzled, while Cavallo and the prime minister were only able to interject a few words.

Tacchi, seeming confused, fell silent and then left the room, slamming the door. Abbihagle followed him, but more calmly. Bauza, Cavallo, and Caro Figueroa stayed behind.

The three chatted idly for a few moments, and then the prime minister turned to the minister of economy with a question. "So...what shall we do? Do we veto the law?"

Cavallo answered, "No, better not. I will take care of Tacchi." But he was unable to do that. Tacchi not only submitted his resignation, but added fuel to the fire, as well. He maintained that what was really being sought was to force the minister out of the cabinet, and that those mainly responsible were the prime minister and his people.

The alarm had sounded. In between meetings with government officials, the members of the International Monetary Fund (IMF) delegation headed by Martin Hardy, went about asking whether Cavallo's days were indeed numbered.

And then, an incident that is classic for this era occurred. Menem publicly announced his support of the minister of economy, with the unusual endorsement of Bauza. This was the first time the current prime minister, in his official capacity, came out so openly in favor of Cavallo.

Finally, this cloud had a silver lining for the minister. He will now be able to control the whole of the tax administration, which was previously in the hands of two temperamental individuals—Tacchi and Cossio—who became government officials during the Erman Gonzalez era.

Also, he is perhaps less concerned, than had been thought, about this last image in the series, that it might make him seem to have acquiesced in the face of the attitude of the Menem people.

He has quite frequently derived some advantage from a difficult situation. During the first crisis in Cordoba, for example, he left it to Carlos Corach and Bauza to try to help Angeloz, while he endured the onslaughts of the then governor. However, he excluded any possibility of financial assistance, although this was recently revived when Ramon Mestre came forward with a promise of a harsh adjustment.

He rejected the first government reactions in both directions when the unemployment index was announced, and he concentrated his efforts to ensuring that the few measures approved would not affect the plan adversely. He even frustrated an effort to effect a ministerial substitution when Menem decided that Caro Figueroa could remain in office.

Now he may be planning something similar. After having accepted the inevitable departure of Tacchi, Cavallo is preparing to extract some profit—the Postal Law?—from the new battles that doubtless await him.

Commentary Views Recent Political Events

95SM0473A Buenos Aires CLARIN in Spanish
13 Aug 95 pp 14-15

[Article by Eduardo van der Kooy: "The Old Phantoms"]

[FBIS Translated Text] The images of the crisis are piling up, one upon the other. The clamor of the thousands of individuals demanding work as they make pilgrimages to San Cayetano is deafening. The statement issued by the church struck a blow, one as harsh, perhaps, as when it spoke out last November about the inhumane consequences of unemployment.

There is "a certain economic determinism and the real injustice of unemployment" that must be overcome, the bishop stated with unmistakable political intent.

One month after taking office, Governor of Cordoba Ramon Mestre had to deal with the first massive general strike, which demonstrated the precarious nature of the arrangement that led to the early resignation of Eduardo Angeloz. The list of clashes seems interminable, from the tumult in San Juan, Rosario, and Tucuman to the resumption of complaints in the supposedly pacified Santiago del Estero.

And there is more. The government has completed its agreements with the International Monetary Fund (IMF), but many of the basic economic figures seem to be out of kilter. Tax collections appear to be falling far short even of the estimates made two weeks ago when Secretary of Public Income Carlos Tacchi resigned.

But one thing seemed to emerge clearly from the official announcements on Thursday. The government has placed as much or more emphasis on trying to cover the fiscal deficit as it has on generating policies that will contribute to reducing unemployment.

Interspersed among all of these images are some faded and waning ones that seemed previously to have been

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

forgotten. The trade union movement and the Armed Forces (FFAA) are appearing together like ancient phantoms on the frontlines of the political reality.

One of two reasons might account for the resurgence of the General Confederation of Labor (CGT). On the one hand, there is the emergence of unemployment as a social conflict that can now no longer be avoided, while, on the other hand, there is the tacit political alliance established with Governor Eduardo Duhalde.

The eruptions in the interior of the country do not suit the purposes of the CGT leaders, because the intransigent trade union sectors invariably derive some profit from these protests. And they have additional concerns. These leaders also have a need for some appearance of strength, so as to force the government to consider ways of compensating for the sums collected for social projects, which have been affected by the reduction in the employers' contributions.

The decision adopted by the CGT, meeting in plenary session in the traditional manner, wrangling included, to call for a strike and demonstrations on 6 September was based on this pair of arguments, although what relative weight was given them is not known.

We will have to wait and see what happens between now and D-day. The most enthusiastic advocates of this forceful measure claim there is not enough time to re-establish the power that has been lost and control the workers.

Others are confident that the next 30 days will allow time enough to complete the negotiation of an agreement with Prime Minister Eduardo Bauza with a view to balancing the social project accounts.

The old bosses have begun to carry some weight in the CGT again. The self-styled independent line (Jose Rodriguez, Armando Cavalieri, and Carlos West Ocampo) won out over the purist Menem supporters (Andres Rodriguez and Juan Jose Pedraza), who have now been somewhat excluded since Gerardo Martinez replaced the docile Antonio Cassia in the union leadership.

They know all about compromise. It was they who urged the return to the CGT of the dissident Argentine Workers Movement (MTA), along with bus conductor Juan Manuel Palacios and truck driver Hugo Moyano.

It was not merely a question of association with a less conciliatory trade union, for this group worked openly to promote the candidacy of Jose Octavio Bordon during the electoral campaign.

There is another singular aspect to the call for a strike, in addition to what has been said. Seventy percent of all of the social conflicts that have occurred in the past year have involved the public sector, which has only minority strength within the CGT leadership.

Obviously, the strikes and other forceful measures called for by the CGT have almost always resulted in a loss of strength. The last two strikes, for example, were frustrated, and as soon as Duhalde voiced his opposition to the measure, there began to be hints of reluctance with regard to the coming strike.

There is an explanation for this. The governor of Buenos Aires has always allowed the trade union leaders some political breathing space. A few days ago, he met with Martinez and they agreed on the need to protect the coffers of the social projects. They both mounted attacks on Cavallo, and only hours later they proposed that the Ministry of Economy be split up.

Duhalde also provided them with coverage when the Menem hurricane intensified. The trade unionists had 23 representatives in the Chamber of Deputies when Menem took office in the Casa Rosada, but over the course of four years they have lost 13.

Of the 10 remaining, six won their seats back in the May election. Four returned to represent the governor's district, another the capital and one for Santiago del Estero.

There is more than a mathematical problem here. Of the 25 deputies serving on the Labor Legislation Commission of the lower chamber, nine are trade unionists and only four belong to the political wing of the PJ [Justicialist Party]. Nine others represent the Radical Civic Union.

The association between the trade unionists and the Radicals has proven decisive in many instances in slowing the efforts of Cavallo and Armando Caro Figueroa to modify labor relations.

This sector of government takes on greater dimensions, now that the government seems ready to endorse laws required by the conversion plan and the precarious social situation.

The trade unionists being called upon to strike—they have attempted to soften the measure with a verbal appeal to "cease activity," are faced with a dilemma. If they carry the idea through to the end, they could destroy the open channel for dialogue with the government. If they retreat, they will leave the field open to other organizations, such as the Argentine Workers Confederation (CTA), that have placed themselves in the frontlines in the protest against unemployment.

To avoid an outbreak, on the other hand, the government seems to be proceeding to patch up at least one other

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

latent conflict—that involving the Armed Forces and its budget.

The Ministry of Economy had proposed a fourth annual cut, which the military commanders were beginning to protest openly, when this was overshadowed by a government maneuver. On 13 July, in his first action as prime minister, Bauza ordered a general budget reduction, which would include the FFAA, for one specific purpose and another that was not made public—to bring the foreign debt payment up to date, and to dispatch an extra allocation of money to the government of La Rioja.

With the cut amounting to 31 million pesos, the operational budget for the Army, the Navy, and the Air Force was reduced to 328 million, as compared to the 450 million the Congress had approved.

The pressures were not long in coming to the surface. The Army found that its operations would be limited to a figure (120 million) that was less, for example, than that required to maintain a British garrison on the Falkland Islands. It also raised the question of the viability of continuing with the voluntary military service system.

The Navy, for its part, threatened to cancel the world tour of the frigate El Libertad, and it set forth some of its problems. Only one of the 10 Super Standard aircraft engaged in combat in the war in the Falklands is in flying condition at present. The Navy also ordered the reduction of inspection patrols along the maritime coast to one flight per month.

The Air Force presented Minister of Defense Oscar Camilion with a figure. From the 80,000 hours of training flights made in 1983, the aviators were reduced to 35,000 in 1992. There is a risk that they may even lose the current 18,000 authorized.

The National Police painted the most alarming picture, from the viewpoint of the government. It announced that it would not have the capability to begin operations if any of the social conflicts developing in the interior should so require.

Before the Air Force commander, Jorge Paulik, had criticized the proposals "to convert the Armed Forces into a National Guard," Camilion had already persuaded Bauza that it was undesirable to continue to make matters more difficult for the military, and to reject, at least partially, the budget cuts urged by the Ministry of Economy.

What neither Camilion nor the military commanders foresaw was that the budget struggles would suddenly be accompanied by disgust in the barracks, provoked by the review of the illegal repression during the dictatorship.

Many placed their hopes in a truce, following the self-criticism by the military of the methods used to combat the guerrilla forces initiated at the beginning of the year by the commander in chief of the Army, General Martin Balza. But the inexplicable outburst of Eduardo Emilio Massera on television upset the apple cart.

Almost no one could understand the reasons for such a campaign, which should perhaps be sought instead in the personality of the former sailor, rather than in political conspiracy theories. But no one took the trouble to place obstacles in his path, either.

The commander in chief of the Navy, Enrique Molina Pico, was content to be assured that Massera's statements would not result in threatening a crisis for the institution. The government had certain information about what was going to happen. A Peronist businessman, a highly placed official in the Office of the Presidency, and an ambassador were the links between the former military officer and the regime.

By means of verbal hints and hesitant gestures, Massera attempted to make the nightmare the people of Argentina were experiencing into a fantasy.

For example, he denied that the ESMA [Naval Mechanics School] was used as a clandestine penal establishment, and that torture was used as a method of punishment. At the end of last year, two officers on active duty—Antonio Pernias and Juan Carl Rolon, who had been intimately involved with the repressive measures, had confirmed in testimony before the Senate that both of these claims were true.

Massera also tried to discredit a court judgement that condemned him, and an interpretation of the history of those years that the current military leadership had already more or less accepted.

In the mist of a tangle of facts forgotten or omitted, one thing above all of the others went unnoticed. It is true that the former admiral was tried for human rights violations during the government of Raul Alfonsin, but he had experienced imprisonment in the last stages of the regime when Judge Oscar Salvi ordered his preventive arrest in the middle of 1983 in connection with the death of the businessman Fernando Branca.

And so, last week, the Armed Forces saw how its desire to bury its inherent differences with civilian society, as expressed in the self-criticisms of the past, appeared to be suffering a reversal as a result of that gloomy television appearance.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bolivia

Government Seeks 'Credibility' With Other Countries

PY2908152995 Cochabamba LOS TIEMPOS in Spanish 18 Aug 95 p A2

[FBIS Translated Text] La Paz, 17 Aug (LOS TIEMPOS) — International Relations Secretary Jaime Aparicio said today (yesterday) that the government has begun a process to restore the country's credibility before the international community with regard to the fight against drug trafficking, a credibility that has been severely damaged by the attitude of the Chapare coca producers.

The remarks of the Foreign Ministry official seem to be a "justification" for the recent events that have occurred in Chapare, when the Mobile Police Unit for Rural Areas (Umopar) began a large operation called "Clear Water II-Third Phase," which has as its main objective the dismantling of peasant activities that are linked to drug trafficking, the elimination of new coca plantations, and the destruction of seedbeds.

"The government has to send out a clear message regarding the credibility of its projects in order to obtain, in the first place, support, and, in the second place, the confidence of the international community," Aparicio said.

According to the secretary, the attitude of playing a double game on the part of the coca growers, that of receiving money for eradication and then proceeding to sow more plants, caused the international community to have a lack of confidence in the government's programs to combat the illegal trafficking of drugs and, in particular, in the alternative development process.

"The fact that the eradication was being paid for and new plantations were immediately sown has caused us a lot of harm abroad. And it has caused a lack of credibility in the process of alternative development," he said.

Aparicio indicated that the country as a whole must become aware of what is really happening in Chapare, and that, beginning with a real work base, a coherent job can be done, especially with regard to the aspect of alternative development.

He expressed the need to build a new image, noting that this resides in the fact that the eradication of one hectare of coca has to be complemented with alternative development, in addition to the formal commitment that no more coca will be planted in the area where it has been eradicated.

The official stated that the building of a positive image where the antidrug fight is concerned will not be easy, and the international community will have to be convinced that the government's efforts are serious. Some positive steps have been taken because, during his recent visit to the country, Giorgio Giacomelli, the UN's director for the overseeing and control of drugs, was very impressed with the alternative development programs that have been implemented by President Gonzalo Sanchez de Lozada's administration.

"He has observed that UN cooperation is important, that it generates possibilities for the country, and if we link this to the bioceanic export corridors that are going to pass through Chapare, we are talking about roads and access to market. All of this needs the participation of the international community; it requires resources," Aparicio said.

He said that the United States has reduced its economic assistance to the United Nations by 50 percent, and this has caused the international organization to reduce its overall budget by 30 to 40 percent. "That is very serious. It demonstrates that this tendency is also causing complications for the organizations," he stressed.

Aparicio believes "international reflection" concerning the topic of the antidrug fight is necessary, and that the country must adopt a more coherent policy, but that there must also be "shared responsibility," which must be assigned greater value. Furthermore, the role of the international community also has to be taken into account in the common struggle.

In this respect, he pointed out the need for a world meeting to discuss the fight against drug trafficking under new parameters. The meeting could be held in Mexico in 1996, and Peru and Colombia have already agreed to participate.

"It would be an international meeting envisioning reflection on what has happened between the 1988 Vienna Convention and the present. We have to see what advances have been made, whether there has been a reduction in consumption and production, in addition to discussing the drug chain and related crimes such as weapons trafficking," Aparicio said.

The official pointed out the contradiction between the U.S. budget for the antidrug fight — $14 billion — and the amount that has been assigned to the country for alternative development — $30 million.

"That is not rational," Aparicio said, and he stressed the need to attach greater importance to the alternative development process.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Within this context, he stated that the country receives $5 million from the UN's International Fund for Agricultural Development for alternative development programs, and $4 million was received from Germany at the bilateral level. All other cooperation is of a technical nature.

In conclusion, Aparicio indicated that Bolivia hopes the EU will supply more resources for the fight against drug trafficking because the European countries have in-depth knowledge of the Bolivian government's problems in its fight against drug trafficking.

Commentator Slams U.S. 'Hypocrisy' in Drug Fight

PY3008013695 La Paz LA RAZON in Spanish 20 Aug 95 p A4

[Commentary by Cayetano Llobet T.: "Every Which Way"]

[FBIS Translated Text] There is nothing that can be done about the coca: We are on our own. A tenebrous large gentleman, with guards and a luxurious plane, turns up out of Uncle Tom's Cabin and tells Goni [President Gonzalo Sanchez de Lozada] very well, but not a cent more. Evo Morales [leader of the coca growers] and his boys continue with an impressive capability of inventing anything and everything that will help to make everyone dizzy: A special book will have to be dedicated to Evo and his "Evo-tricks." Vice President Victor Hugo Cardenas Conde says that coca is grown in the Chapare in order to subsist, and if all this was not enough Don Juan and Don Luis Eduardo [not further identified] stand up and become shields in defense of the coca growers. And just in case, Foreign Minister Antonio Aranibar Quiroga reminds us that every year in the month of February we will be under the knife of decertification. What more?

Would it not be worthwhile to put things in their place? First, because it is no mystery for anyone that the coca of the Chapare is cocaine. Goni is right when he says he is not willing to talk with those who know perfectly well that they are playing into the hands of international crime. To ignore the thousands of maceration pits, the collection mechanisms, the paths that are used to get the paste or the cocaine out, the Colombian payments, the clandestine airstrips, the laboratories in Beni and Santa Cruz, the connivance, and the use of children to transport the drug is purely and simply playing blind man's bluff. It seems that in the name of some type of social justice that emphasizes business, the country has to put up with the combination of risks of an activity that mainly benefits Colombian criminals, and, above all, American ones. Because at this point we must understand ourselves: Those who benefit most from the criminal trafficking of drugs, due to the impressive vastness of its market, are to be found in the north. The countrymen of those who demand everything of us: combat, eradication, treaties, schedules, interventions, short-, medium-, and long-term commitments, periodic inspections, and the visits of the so-called drug czar.

The pressure that is applied on the country and its government comes from every side. Empire, coca growers, congressional stars with an air of local Sean Connerys defending their "just cause", but who remain silent about the thousands of dynamite sticks and their results: homemade grenades that recall other times and better causes, explanations that have a sociological air about them, Mr. Robert Gelbard [former U.S. ambassador to Bolivia] grabbing at us where he can, and NGO's that justify the salaries of the European experts that hand out presses and advice to the coca growers — well, a nice package of debris that is being strewn in a dead-end alley — that is, growing coca to process into cocaine.

What shared responsibility? In addition to everything else we have to serve as support for that well-known historical construction called the double gringo morality. Because it seems that it was there that "might makes right" was invented, and it is there that none of us can investigate as to who the large traffickers are. Of course, we do not have a purity that can be exported. Do you remember the Kennedys? They were a showcase in which they appeared as saints in magazines, where money was accumulated through the Prohibition Law, in which one parties with the secretaries and shares the Marilyns.

They are hitting out at us from all sides. We are not going to correct the gringos because their hypocrisy has been very profitable. But here in Bolivia many could make an effort and become aware of what is really happening, and it would not be a surprise when dead bodies start turning up...in a national park; to think a tiny bit, at least so as not to become the guarantors or accomplices of the "Evo-tricks."

Brazil

Cardoso Rules Out Recession, Vows To Cut Export Costs

PY3108024495 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 Aug 95

[Passages within quotation marks recorded]

[FBIS Translated Text] President Fernando Henrique Cardoso today met with representatives of the National Association of Paper and Cellulose Manufacturers who announced in a ceremony at Planalto Palace that they

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will make investments totaling $13 billion by the year 2005.

Brazil is the world's fifth producer of cellulose and, in 1994, its exports of that product totaled approximately $1.8 billion. The paper and cellulose sector accounts for 109,000 direct jobs and for 1 million indirect jobs.

In a document submitted to President Cardoso, the entrepreneurs ask for a reduction in interest rates, ICMS [Good and Services Movement Tax] exemption on imports of machinery and equipment, and income tax deductions on profits earmarked for investments. They also asked for the formulation of a forestry policy in Brazil.

During the ceremony, President Cardoso said that Brazilians have but one alternative: economic growth. "We have no other alternative but to grow. We must promote economic growth, improve the standard of living of our people, and improve educational and health conditions..."

Cardoso also stated that there are no threats of a recession in Brazil: "Yet, from time to time I hear about threats of recession. There is no such threat. There may be some clouds, which may even be artificial clouds such as those provoked by chemical products to unleash a small rain. Likewise, the administration is from time to time forced to adopt measures to restrict the pace of economic growth because of the need to keep the economic plan on its set course to avoid problems such as excessive demand or factors that would upset our vital goal of achieving economic stabilization. Judging from the investments that are either being made or announced, there is no risk of paralysis of Brazilian economic growth."

Cardoso also discussed the multiyear investment plan: "...in which the goals announced to the people during our electoral campaign will be detailed in terms of concrete investments, which will be specifically outlined such as where they will be located, how they will be implemented, what type of association they will entail — whether public, private, or mixed. The plan will also include the sources of financing, whether the World Bank or the Inter-American Development Bank; in sum, it will include the course set for Brazil."

Cardoso also announced that Brazil is now at an advanced stage of its economic stabilization process: "We are already at an advanced stage of our stabilization process. The latest inflation figures have been more than encouraging. Right? We can see that a process that has already been going on for a long time — more than a year — and that, during all this time, we have managed to curb the inflationary process. We are now in the process of reorganizing the state apparatus through the constitutional reforms. There is also, of course, anxiety in Brazil. We have a set of objectives that allows the people to understand that we are on the right course, that we are growing, and that we are going to continue to grow."

Cardoso noted that the main commitment of his administration now is to reduce the cost of manufacturing export products in Brazil.

"This is essential. The modern way to promote economic and industrial development is to create conditions, a breeding ground to promote investments and to envisage a stable future of growth."

Government Authorizes States, Counties To Reschedule Debts

PY2908154495 Sao Paulo AGENCIA ESTADO in Portuguese 2246 GMT 24 Aug 95

[FBIS Translated Text] Brasilia, 24 Aug (AE) — The foreign debts of states and counties can be rescheduled for up to 25 years under conditions similar to those agreed upon between the government and the private banks that are creditors of Brazil. This is guaranteed in a Finance Ministry resolution, which was published today in the DIARIO OFICIAL DA UNIAO. The government thus meets an old claim made by the states and counties.

Finance Minister Pedro Malan has signed Resolution 208. It establishes that the portions of the principal of the debt with the international banks, which are the responsiblity of entities of the indirect federal administration, states, counties, and the entities controlled by them, will be financed by exchanging the debt for bonds issued by the union, in dollars.

The financing term is 15 years, beginning 15 September 1988 [date as received], for the payment of the principal (the original debt without interest or service charges), including a 10-year grace period. The monetary updating will be done in accordance with the fluctuation of the dollar exchange rate relative to the national currency, with 6 percent interest per annum on the debit balance. The first installment on the principal will become due on 10 March 1999 and the last one on 11 September 2013.

Through Resolution No. 211, Minister Malan authorized, for the same debtors, the financing of interest owed to foreign commercial banks that became due between July 1989 and December 1990. The financing will also be done through the exchange of certificates issued by the union, for a term of 10 years, which began on 1 January 1992.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Motta Criticizes 'Liberal Excesses' in Privatization

PY3008015795 Rio de Janeiro O GLOBO in Portuguese 29 Aug 95 p 8

[FBIS Translated Text] Communications Minister Sergio Motta yesterday criticized the Liberal Front Party for demanding that the administration expedite the privatization program. Motta said that these pressures stemmed from "a liberal passion which is not shared by the administration." In his opinion, the privatization process will continue to maintain the current pace to prevent "liberal excesses" from bringing about changes that would be out of keeping with the national interests.

Motta said: I am a social democrat. I am against that liberal fever of squandering government property. The national interest is top on my priority list.

The administration's concern, Motta says, is not to open those markets today controlled by the state without first laying down rules that would allow the government to supervise private companies. Privatization, Motta says, has been unsuccessful in those countries that overlooked these measures. Hence, those countries "failed."

Motta denied that there are political coordination problems within the administration, despite criticism to this effect. Motta said that President Cardoso has never stopped playing his coordinating role. There were just "operational flaws" stemming from the administration's involvement in complex negotiations such as those concerning the fiscal and social security reform proposals.

Motta said: The president has shown us how to coordinate.

The next test will be the vote on the administration's draft regulations to govern the opening of the telecommunications area. This proposal will reach Congress on 31 August. Following the approval of the constitutional amendment that ended the state monopoly over telecommunications, the administration is now seeking to obtain the approval of a complementary law so that it can take the first public bids in January. Motta is scheduled to deliver the draft law to deputies and senators on 31 August.

Some portions of the proposal will require tough negotiations. One issue deals with regulations concerning participation by foreign companies in operating satellite services, newspapers, and TV stations. Motta admits limiting the concession of these services to companies or consortiums in which Brazilian partners would have the majority controlling stock. This would, however, contradict the recently approved constitutional amendment concerning the new concept of a national company.

PFL Leaders Respond to Criticism

PY3008185595 Sao Paulo AGENCIA ESTADO in Portuguese 2307 GMT 29 Aug 95

[Report by Ricardo Amaral, Joao Domingos, and Tania Monteiro]

[FBIS Translated Text] Brasilia, 29 Aug (AE) — PFL [Liberal Front Party] leaders have declared war on Communications Minister Sergio Motta, secretary general (on leave of absence) of the PSDB [Brazilian Social Democracy Party], President Fernando Henrique Cardoso's party. Motta put himself in the line of fire when he suggested that the PFL is acting hastily in the privatization process. In a statement released today, PFL President Jorge Bornhausen demanded that the minister "publicly state that his phrase was not aimed at the PFL." Deputy Inocencio Oliveira, the PFL leader in the Chamber of Deputies, said that Motta "represents a threat to the administration's congressional base" and virtually called for his dismissal.

In his statement, which he wrote by hand last night (28 August) and released at noon today, Bornhausen stated that "if Minister Sergio Motta's remarks were aimed at the PFL, he committed a serious injustice and performed a disservice to the administration." Bornhausen reaffirmed that privatization "has been a priority during the electoral campaign of presidential candidate Fernando Henrique Cardoso and of his running mate Marco Maciel." He bluntly noted that this commitment was assumed by both the PFL and the PSDB.

Although without responding directly to Bornhausen's statement, Motta conveyed explanations to him through Deputy Jose Anibal (Sao Paulo), the PSDB leader in the Chamber of Deputies. After conferring with Motta, Anibal told Bornhausen that the minister did not mean to offend the PFL. Anibal said: "At no time did he mention the PFL's name. His remarks were primarily designed to show that caution must be exercised in the privatization process. According to Anibal, Bornhausen accepted his explanation.

Planalto Palace regarded as satisfactory the three-way telephone conversation. Presidential spokesman Sergio Amaral just said that the minister was speaking "only theoretically" about the case, without referring to the PFL, and emphasizing that privatizations "ought to be seriously conducted." Amaral added: "I am not trying to either downplay or overemphasize anything." He was thus appeasing the PFL, without embarrassing Motta. All this effort cannot conceal, however, the fact that there is a dispute between the PFL and the PSDB over which party will control the privatization process.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Theoretically, the PFL should control the largest share of privatizations, which is in the hands of Raimundo Britto, the mines and energy minister. Motta, who controls privatizations in the area of telecommunications, does not plan to publish privatization notices until January 1996. Since the approval of the constitutional economic amendments by Congress, the PFL has demanded that the process be expedited. No implementing laws have yet been approved for the above constitutional amendments.

"The latest one by Serjao" [Motta's nickname] has caused further deterioration of the administration's support base in Congress. Deputy Jose Carlos Aleluia [PFL-Bahia] said: "He probably knows about engineering, but every time he opens his mouth, he causes trouble." Deputy Oliveira said: "It is not appropriate for us to exert pressure, but in a presidential system it is incumbent upon the president to appoint or to fire a minister." Although Oliveira claimed that he was acting as if he were "a firefighter," he added fuel to the fire.

Oliveira said: "Every time he attacks us, he will receive an adequate response." Deputy Jose Anibal said: "The two sides need to engage in open, frank talks." He added: "We can no longer allow remarks from either side to time and again compromise our reform program." He conceded once again that "there is an atmosphere of tension, disarray, and instinctive reactions from one side toward the other."

The battle over privatization has provoked frictions between the administration and the "modern faction" of the PFL, which is represented by Bornhausen. The Economico Bank crisis has already affected relations with the Bahia bloc, and Motta's interference in the mayoral elections of Recife irritated the Pernambuco bloc. Not to mention sociologist Jose Artur Gianotti, a friend of President Cardoso, who called the PFL a rare form of cancer. Deputy Saulo Queiroz (PFL - MS) [Mato Grosso do Sul] said: "Gianotti offended the entire party."

Roundup of Economic Reports

PY3008222295

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 30 August.

Industry

Carlos Eduardo Moreira Ferreira was reelected on 23 August for a second term as president of the Sao Paulo State Federation of Industries and the Sao Paulo State Industries Center, FIESP-CIESP. (Sao Paulo AGENCIA ESTADO in Portuguese 0015 GMT 24 Aug 95)

Gas Prices

Petrobras, Brazilian Petroleum Corporation, and YPFB, Bolivian Government Oil Deposits, today closed a deal in Rio de Janeiro regarding the price of the natural gas that Brazil will import from Bolivia as of 1998. According to Antonio Menezes, superintendent of the Petrobras Gas Pipeline Executive Group, the price will be between $0.95 and $1.06 per million BTU, British Thermal Unit, at the well mouth between 1998 and 2018. That will be an average of $1 during the 20 years of the contract. The price can eventually be indexed but during the first three years of supply the cost of Bolivian natural gas per million of BTU will be $0.95. The construction of the pipeline will begin in April 1996. The bid call to purchase the pipes will be published next October. The project is expected to cost $1.8 billion, and Petrobras expects the World Bank to approve its financing by July 1996. (Sao Paulo AGENCIA ESTADO in Portuguese 0004 GMT 25 Aug 95)

Privatization

The Rio de Janeiro administration will invest in three public companies before privatizing them. They are the Rio de Janeiro Metro, the Rio de Janeiro Navigation Company, Conerj, responsible for the transportation service in Guanabara Bay, and the Urban Train Company, Flumitrens. Next week Marco Aurelio Alencar, Planning and Control Secretary of Rio de Janeiro State, will travel to the World Bank headquarters to ask for a $530 million loan to apply it to the State Transport Program which includes the mentioned companies. (Sao Paulo AGENCIA ESTADO in Portuguese 2358 GMT 25 Aug 95)

Foreign Investment

The Central Bank has passed a resolution authorizing Brazilian banks to contract foreign loans to finance real estate programs in Brazil. The resolution specifies operational details for the supervising action of the Central Bank. The resources obtained abroad must be repaid in not less than two years and reapplied in Brazil where they must be repaid in not less than one year. The loans will be indexed to the exchange rate variations and the final borrower will have to assume the exchange rate variation risk. The loans will be available to individuals and companies interested in building or buying residential or commercial real estate. The main government objective is to reactivate civil construction activities which generate many jobs. (Sao Paulo AGENCIA ESTADO in Portuguese 1151 GMT 23 Aug 95)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Sale Of Securities

The Bank of Brazil intends to raise nearly $500 million abroad in the next two years to finance national farming activities. On 24 August the bank sold in Japan $103 million worth of 'Bank of Brazil Rural Product Notes' which will be used to finance Brazilian farmers. The loans will be offered at a 15 percent annual interest rate plus the exchange rate variation for those interested in purchasing soybean on the futures market. The resources can also be used to finance other kinds of crops. (Sao Paulo AGENCIA ESTADO in Portuguese 2136 GMT 25 Aug 95)

Bank Activities

Paulo Cesar Ximenes, Bank of Brazil president, announced on 27 August that the annual bank balance will reflect a deficit this year. During the first half of the year, the Bank of Brazil registered a loss of 2.5 billion reals, R. The bank registered a R670 million loss in July alone. This is why the bank began a campaign to recover money from default borrowers in the whole country. According to Ximenes, most of the debts are concentrated in the industrial areas of the States of Sao Paulo and Rio Grande do Sul. (Sao Paulo AGENCIA ESTADO in Portuguese 1530 GMT 27 Aug 95)

Slowdown Of The Economy

The Brazilian Electro-Electronic Industry Association, Abinee, has detected a slowdown of the economy as of July with a 5.5 percent sales drop of serial numbered industrial equipments, and the dismissal of 900 men from the factories. According do Abinee President Nelson Freire, sales of consumer electronic goods in Brazil increased by nine percent for television and sound equipment, by 3.2 percent for refrigerators, by 17.6 percent for air conditioners, and by 11.6 percent for microwave ovens, while sales for freezers and stoves dropped. The electro-electronic industry has registered 3,700 dismissals in the past three months and a 30 percent idle capacity in the past four months. (Sao Paulo AGENCIA ESTADO in Portuguese 1928 GMT 29 Aug 95)

Employment

Of the 3,000 jobs created in the metal industry in the industrial ABC area of Sao Paulo State during the Real Plan, 2,119 were eliminated in the past 25 days, between 20 July and 15 August, and they represent a 70 percent loss of jobs. Luiz Marinho, vice president of the ABC metalworkers union, says that after having spoken with industrialists, he realizes that more dismissals will take place. He expects a wave of dismissals similar to the one that took place at the beginning of the eighties. Dimissals, he said, are an instrument which the industrialists will use to pressure the government to lift the credit restrictions. The ABC region metal industry registers a great idle capacity as consequence of a lack of orders for goods. Many companies are considering reducing working hours as well as salaries, but labor unions reject this alternative, Marinho said. (Sao Paulo AGENCIA ESTADO in Portuguese 2034 GMT 23 Aug 95)

Mergers

Varig, Rio Grande do Sul Airline, will be a partner of PLUNA, Uruguayan National Airlines, which the Uruguayan Government partially privatized last June. Varig closed a deal to purchase 12.75 percent of Pluna, which is half of the participation of the Tevycom-Fapeco consortium of Argentina. The amount of the transaction was not revealed, but when PLUNA was privatized the consortium made up of Tevycom-Fapeco and Uruguayan investors paid $2 million for 51 percent of PLUNA's shares. The Uruguayan Government continues to own 20 percent of the capital. PLUNA is already being operated by Varig. (Sao Paulo GAZETA MERCANTIL in Portuguese 22 Aug 95 p A1)

As of 17 August the Setal Lummus company, which was controlled by the Swedish-Swiss group ABB, Asea Brown Boveri, has a new controller which is PEM Engenharia, a Brazilian company. The name of the company was changed to Setal Engenharia e Construcoes S.A. and together with PEM it has become one of the largest engineering and assembly companies in the country with projected annual sales of $150 million. PEM now owns 75 percent of the capital of the new company; ABB maintains its 10 percent participation; and the remaining 15 percent are owned by Gabriel Aidar Abouchar, a long-time Setal executive who will remain with the company. The deal was closed on 22 August in Bloomfield, Delaware, at the ABB headquarters. On the following day, the company closed its first deal with the Rio Tinto Zinc company for the construction of a $20 million kaolin unit in Serra da Fortaleza, Minas Gerais. This contract represents the return of Setal to the mining, steel, and paper and cellulose sectors. Setal has a long tradition in Brazil of participating in the petrochemical, oil, and gas sectors while PEM participates in the electricity and transportation sectors. PEM has become interested in Setal because it believes that once the law granting concession of public services to the private sector is applied and the privatization process gains strength investments will again be made in Brazil increasing the list of orders for engineering companies. (Sao Paulo

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

GAZETA MERCANTIL in Portuguese 22 Aug 95 p A1)

Monetary Policy

The government today further softened the restrictions on credit. Central Bank President Gustavo Loyola announced that the legal reserves on savings accounts will be reduced from 30 to 15 percent. This measure will allow banks to have 2.7 billion available to grant credits. The availability of more credits will be applied to finance housing projects. (Sao Paulo AGENCIA ESTADO in Portuguese 2303 GMT 23 Aug 95)

Port Fees

The Transportation Ministry today authorized the readjustments of port fees, vayring between 19.72 and 23.76 percent. The readjustments are meant to compensate for cost increases between May 1994 and April 1995. Another increase will be authorized in September to cover for the increase of expenses between May and August 1995. The greatest increase was authorized for the ports of Paranagua and Antonina, and the smallest one for the Docas Company of Espirito Santo State. A 22.17 percent increase was authorized for the ports controlled by the Sao Paulo Docas company which controls the Port of Santos, and 22.97 percent for the port of Estrela. The increase for the ports controlled by the Rio de Janeiro Docas Company which controls the Ports of Rio de Janeiro, Sepetiba, Angra dos Reis, Forno, and Niteroi, is 23.18 percent. The provision likewise establishes that fees cannot be readjusted for a year after this last readjustment. (Sao Paulo AGENCIA ESTADO in Portuguese 2336 GMT 25 Aug 95)

Editorial Criticizes Petroleum Investment Policy

PY3108032595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Aug 95 p A3

[Editorial from the "Notes and Informations" Page: "Disregarding the Neighbors"]

[FBIS Translated Text] Brazil is wasting precious time with its efforts to attract investments to the petroleum sector. The executive branch and Congress are equally responsible for this. One of them proposes a controlled opening, the other suggests to make it more moderate, and the former finally yields, making neighboring countries happy. Venezuela took a step forward in July. The Petrobras [Brazilian Petroleum Corporation] of Venezuela, the giant Petroleos de Venezuela S.A. (PVDSA), opened itself up to competition. This modification attracted 88 local and multinational companies, among them the world's largest companies. The results of the tender will be announced in September. During this period, Brazil is expected — at best — to approve an amendment that was recently approved by the Senate Constitution and Justice Committee, pending the issuance of regulations that will practically guarantee Petrobras control over crude oil.

In Venezuela, private companies will be allowed to operate in 10 petroleum areas, sharing marketing profits with PDVSA. In Colombia, major discoveries were made at Piedemonte region, which is now considered among Latin America's promising areas. Also in Argentina, the petroleum economy is accelerated and there is a shortage of equipment.

There is more interest in investing in the petroleum sector in Brazil that could be possibly justified by current prices. In the petroleum and petrochemical sectors, Abdib [Brazilian Association for the Development of Basic Industries] identified 55 projects worth $23 billion. Proof of this interest was the Conference of the Latin American Union of Geophysics. It was a technical meeting, but it was attended by executives of Exxon, Pecten (Shell), Mobil, Amco, and Chevron. Says a high-ranking Pecten International executive: "Brazil has one of Latin America's largest petroleum investment potentials." Mobil wants oil and natural gas partnerships with Petrobras.

The Brazil-Bolivia gas pipeline, which Petrobras and YPFB [Bolivian Government Oil Deposits] signed on 24 August 1995 — establishing prices for Bolivian gas — is an example of a project which has been under discussion for the past 30 years and which Petrobras avoided wasting on the eve of the approval of the constitutional reform. In Brazil, Petrobras accounts for 100 percent of oil and gas production, for 98.5 percent of the refining capacity, and for 100 percent of the infrastructure, storage capacity, and terminal facilities. If it is to be successful, investment in the gas pipeline must be rational. It might yield small profits. While the Bolivian partner — YPFB — is being transferred to private groups in a process known as the "capitalization of the YPFB," in Brazil, Petrobras insists in anachronistic positions.

The questions are: 1) Why link Santa Cruz de la Sierra with Porto Alegre, when it would be easier to stop in Sao Paulo, and from there open secondary pipelines to interested parties like Minas Gerais and Rio de Janeiro? 2) Why should we think that it will be fair to set a single price all over Brazil, considering that Mato Grosso do Sul, which is on the border with Bolivia, is studying the possibility of a cheaper alternative to the pipeline? 3) If the investment is not profitable, will it be possible to avoid — in the future — a threat that is usual in long-term operations: "Either the price goes up or there will be a gas shortage"? With so many doubts, even

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

without the approval of the World Bank, which will supply $1 billion of a total investment of $1.85 billion, wouldn't it be better to postpone construction of the pipeline, concentrating Petrobras' scarce funds — some $2 billion annually — in the Campos and Santos basins?

Brazil is running against the clock and against corporatism, which is sponsoring the Petrobras policy in Congress. Proof of this is the oil fields. There are 29 such fields, all of them being exploited by the enterprise. In the negotiations over constitutional reform, the government promised to respect the fields in which Petrobras is already working. That is, it promised to respect everything. Will there be anything left for the private sector? The answer is obvious: whatever Petrobras wants to give. Without an opening that can allow Brazil to compete, for example with its neighbors, it will be difficult to attract at least $5 billion annually to the petroleum sector. This amount might be lower than what will be actually necessary just to maintain the current domestic supply level.

Business, Bankers Press Government on Economy

95SM0471A Buenos Aires CLARIN in Spanish
11 Aug 95 pp 12-13

[Article by Marcelo Bonelli: "A List of Outstanding Accounts"]

[FBIS Translated Text] Leading figures in the business world are pursuing discreet negotiations with a very obvious principal goal. It is to encourage the government to adopt certain basic measures so as to revive positive expectations concerning the flagging economic plan.

What they are proposing was the subject of discussion during an informal meeting of the influential Group of Eight, in which the most traditional business entities in the country are represented. Their ideas were set forth in a draft document that will be studied by leaders in the agricultural, industrial, banking, and service sectors next week.

The political effort being made by these businessmen already has the support of three basic centers of power. The concept has been discussed and endorsed by the bankers in the Association of Argentine Banks, the officials of the Industrial Union, and the businessmen in the Argentine Union of Construction Enterprises.

The draft document is only two pages long, and the line of argument set forth in the text can be summarized in the following points:

—First, support of the economic model and the conversion plan is made explicit, so as to prevent doubts or fears from developing at the Ministry of Economy.

—Subsequently, the problems being experienced in the Argentine economy at present are described. Unemployment and the recession are discussed, as is the need to create a proper climate for investment.

—The business sector sets forth its offer to contribute to and participate in the process of breathing new life into the slowing conversion process.

And so the text reads: "We offer and promise the business support needed for the implementation of the new changes."

The text is very carefully worded, reflecting the general view that prevails in all of the economic power sectors. This approach is not limited to the business organizations, but is also the credo now being recited by the leaders of the principal productive holding companies that have participated actively in the privatization program.

"The pending structural reforms must be carried out. An attack must be mounted on high labor costs, and the banking system needs to be reorganized," Angel Perversi, a Bunge & Born vice president, asserts with confidence.

Francisco Macri says that "we are two years behind schedule in initiating another stage of the plan. Cavallo must embark upon a program of growth."

Roberto Rocca, the head of Techint, a holding company, is scheduled to speak publicly today at the industrial congress organized by the Argentine Industrial Union in the city of Mar del Plata.

He has given no indication of what he will have to say, but his line of argument will likely focus on Argentina's need to base its whole economic policy on industrial development in order to create a society that can develop in a balanced fashion and free of social exclusions.

—The draft document therefore emphasizes that the government has pending economic issues with which it must deal and stresses that there remains "much to be done."

—The document proposes that the pending decisions and the new measures needed to reestablish confidence be finalized and then implemented within the shortest possible time.

Although no one is saying so explicitly, the truth is that the leading businessmen in the country are concerned about the inactivity that they believe characterizes the Ministry of Economy.

They place a part of the blame for the failure of the Ministry of Finance to take action on internal government

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

politics. It is their belief that these maneuvers divert attention from what should be the main concerns of any economic minister.

They cite as an example what happened just a few weeks ago in the city, when one of the leading figures in the Menem administration consulted Roberto Alemann.

"If Cavallo resigns, it will be a disaster. He should remain where he is." This was the categorical response he obtained from the former minister and influential spokesman of the "establishment."

But now the businessmen foresee two other serious problems for Cavallo. There was much discussion on this subject at the Industrial Union assembly yesterday.

The industrialists maintain that the Ministry of Economy has in recent months lost the initiative, and that the administration is following, rather than guiding, socioeconomic events. It is their impression that the government is on the defensive.

For this reason, the bankers explained to the minister that they see a need for a review of what they regard as a passive strategy on the part of the Central Bank in connection with the resolution of the banking crisis. They base their thinking on the belief that it will not be possible to revive credit as long as uncertainty continues to prevail.

Eduardo Escassany, the head of the ADEBA [Association of Argentine Banks], met with the leaders of the financial system on Wednesday. He read the contents of the confidential document he gave to Cavallo to all of the bank presidents, but he did not give them copies. The minister had asked the banker to be as discreet as possible, because the initial portion of the paper contains explicit and harsh criticisms of the Central Bank. For this reason, only two copies exist. Escassany has one of them, while the other is in Cavallo's hands.

In its introduction, the draft states flatly, before going on to suggest specific measures (already reported by CLARIN), that the Central Bank made a fatal error in its evaluation of the banking crisis.

One of the results would be that "the necessary unity of leadership in the administration of the banking system is lacking." Direct mention is made of the disagreements between Roque Maccarone and Roque Fernandez, who worked together under pressure from the BCRA [Central Bank of the Argentine Republic] for the approval of key resolutions.

The bank official confided to his colleagues that the secret report indicates that the policy of the Central Bank in failing to close the banks that refused to return deposits was wrong, and that the proposal to sell the banks having difficulties as a unit, rather than separately, was a failure.

At the midweek meeting of the bankers, they approved Escassany's political actions and the contents of the document he left with the Ministry of Finance, very simply because it brings together the opinions and complaints that have been current within the system for half a year now.

Another reason was that they are seeing a different attitude on the part of Cavallo now. He has already announced measures to be implemented next week that will contribute to ending the banking crisis.

And, it is said in the city that there was another political message, implicit but overwhelming. During all his negotiations and talks with the bankers, Cavallo was accompanied only by Roque Maccarone.

Government To Recognize Palestinian Passports

PY3008220195 Madrid EFE in Spanish
1508 GMT 30 Aug 95

[FBIS Translated Text] Brasilia, 30 Aug (EFE) — The Brazilian Government has informed its border officials that, as of today, they must honor passports issued by the Palestinian National Authority (ANP).

The announcement was simultaneously made today in Brasilia and in the autonomous Palestinian region of the Gaza strip, where Brazilian Foreign Minister Luiz Felipe Lampreia met with ANP President Yasir 'Arafat.

A communique released today by the Brazilian Foreign Ministry states that the federal police, which control the borders and international passenger traffic, will honor ANP passports as "a valid document for entering and leaving national territory."

The decision, considered the first of its kind in Latin America, will strengthen diplomatic relations between Brazil and the ANP even further. A special Palestinian delegation has represented the ANP in Brasilia since 18 November 1993.

The communique adds that "the recognition of Palestinian passports is part of a broader initiative to strengthen cooperation between Brazil and that government. It is a positive answer to the progress in the peace process in the Middle East."

After meeting with top Israeli officials and visiting Jerusalem and Galilee on 28 and 29 August, and after meeting with 'Arafat on 30 August, the Brazilian minister ended his tour of the Middle East. He will now travel to Italy.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Foreign Minister Announces 'Arafat's Official Visit

PY3108003795 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 Aug 95

[FBIS Translated Text] PLO leader Yasir Arafat will make an official visit to Brazil in October. The announcement was made by Brazilian Foreign Minister Luiz Felipe Lampreia, who today had lunch with Arafat in Gaza, which is now under Palestinian rule.

Arafat will meet with President Fernando Henrique Cardoso to discuss ways of promoting Brazilian participation in projects which are now being implemented by Palestinians.

'Rapprochement' With Israel Begins; Cardoso To Meet Rabin

PY3008195195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Aug 95 p A9

[Article by Moises Rabinovici]

[FBIS Translated Text] Jerusalem — President Fernando Henrique Cardoso and Israeli Prime Minister Yitzhaq Rabin will meet in September in New York. Brazil wants to import — to its northeastern region — the "Israeli miracle," which made the Negev Desert flourish. Official speeches vow to promote exchange. Entrepreneurs are already studying bilateral deals. On 28 August, with the temperature registering 36 degrees Celsius, the defrosting of relations between Brasilia and Jerusalem was so intense that diplomats of the two countries soaked their shirts with perspiration, emotion, and a busy agenda.

A handshake between Prime Minister Rabin and Foreign Minister Luiz Felipe Lampreia sealed the rapprochement between the two countries, 22 years after the last visit of a Brazilian minister — the then Foreign Minister Mario Gibson Barbosa — to Israel. From the King David Hotel to the government headquarters in Jerusalem, three guards and a police van stopped the traffic at the corners, clearing the way for two limousines fitted with small Brazilian flags. It was a debut for a country having an embassy with a mast and a flag in Tel Aviv. Israel reciprocated with a reception and treatment that is offered only to heads of state.

Lampreia gave Rabin a letter in which President Fernando Henrique Cardoso discusses relations with Israel and proposes promoting them. The letter also conveys an invitation for a visit to Brazil. A note to the press released by the Israeli Government announced that the two countries "will promote bilateral economic cooperation." The meeting between Lampreia and Rabin lasted 50 minutes.

Upon leaving for a visit with President 'Ezer Weizman, Lampreia said that "Rabin gave a long account of the peace process." Rather than optimistic, Lampreia felt that Rabin was "determined" to move forward, now also with Syria's involvement. Brazil expressed its willingness to help, promising to attend the peace meeting of Amman, in Jordan, scheduled for November.

"As democratic societies, our two countries have a strong identity," Lampreia said. "Israel and Brazil are engaged in stabilization, economic adjustment, and reform programs." This similarity can give rise to an exchange of experiences in the fight against inflation. Even though the Israelis did not curb inflation in six days, for two years now they have been trying to keep it at nine percent. On the international front, "the Israelis have considerable weight," and they can use their influence. This can happen if Brazil applies for a seat at the UN Security Council. The initiative for the meeting in New York in September originated with Prime Minister Rabin. A positive answer to this initiative was given on 28 August.

The Brazilian delegation was moved by the visit with President 'Ezer Weizman, the Air Force commander who destroyed the Egyptian Air Force on the ground at the beginning of the Six-Day War. "An extraordinary figure," Counselor Sergio Franca Danese said.

Angolan President Interviewed on National Reconstruction

PY3108003395 Rio de Janeiro O GLOBO in Portuguese 19 Aug 95 p 20

[Interview with Angolan President Jose Eduardo dos Santos by Claudia Sarmento at the Rio de Janeiro Commercial Association; date not given]

[FBIS Translated Text] [O GLOBO] What is your opinion of Jonas Savimbi nowadays?

[Dos Santos] My opinion of him is based on an assessment I made of his declarations in Zambia (where last year's accord was signed). On that occasion, he said the Angolan people had had enough of war and had already suffered too much. He said that the Angolan president was also his president. Dr. Savimbi changed the political model he has been adopting until now very much. We currently want to give him an opportunity to work for the welfare of the Angolan people.

[O GLOBO] Won't an administration made up of two former enemies be fragile?

[Dos Santos] I don't think the administration will be fragile because it will have a president who will act in accordance with the Constitution and implement a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

program approved by the National Congress. One party won the 1992 elections: the People's Movement for the Freedom of Angola (MPLA). It has the majority of seats in Congress and a large number of followers in most of the country. The government also controls the military and police areas. The government will work on a consensus basis but it will be a strong government.

[O GLOBO] After 16 years in office are you thinking about choosing a successor?

[Dos Santos] The president serves a five-year term and can be reelected. We will still hold a presidential runoff or find a legal solution to the presidential election issue. Therefore, I may still have to serve another term. It is not up to me to choose a successor either. I belong to a democratic party and a candidate will appear within this party.

[O GLOBO] How can Brazil help the Angolan reconstruction process?

[Dos Santos] There are possibilities of cooperating in several areas, such as training. To value the enormous natural resources of Angola, we must first value men. In this area, Brazil can perform an important role because it has reached a very high level of scientific and technological development. We also have affinity in the cultural area and can develop exchange programs in this area. The health area is another important one because research on fighting tropical illnesses is very well developed in Brazil.

[O GLOBO] Can Angola offer entrepreneurs any guarantee that war will not break out again?

[Dos Santos] I have always given guarantees in this regard and have taken pains to comply with them. There are always at least two parties in a conflict, and I hope this time Dr. Savimbi will do his best to definitively solve the military conflict.

Partnership With Germany Discussed in Symposium

PY2908190095 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Aug 95 p A9

[Article by Marcia Raposo]

[FBIS Translated Text] Brazil and Germany have at least one great objective until the end of next year, when the process of the revision of the role of the United Nations will conclude. The two countries want the UN Security Council to be expanded and, what is more, to join it. This will probably be one of the subjects of discussion during President Cardoso's visit to Germany in September, when the 50th UN General Assembly will take place and begin a process of organizational reformulation.

Foreign Minister Luiz Felipe Lampreia yesterday opened a Brazil-Germany symposium, recalling that this is a singular moment in the relations between the two countries because for the first time in history, before a presidential visit takes place, Brazilian and German Government officials, private businessmen, and academicians are holding a meeting to discuss cooperation and exchange.

"The position of Germany as an ally with Brazil to strengthen the free trade zone of the Mercosur [Common Market of the South] with the European Unity is important," said Lampreia as he opened the symposium yesterday in Sao Paulo.

Other points in common, according to the minister, are support for non-proliferation of weapons, especially nuclear weapons, and a trade partnership that represents $5 billion in exchange annually. "Germany is currently the second main investor in Brazil, responsible for 15 percent of the total foreign resources applied in Brazil, and the main EU investor," Lampreia pointed out.

The Brazilian and German heads of state have not visited each other's country in the past 20 years, since President Ernesto Geisel signed a nuclear agreement with Germany. This agreement has thus far resulted only in the unfinished construction of one of the eight nuclear plants foreseen in the contract. The economic situation of Brazil throughout the 1980's, especially that of its balance of payments, prevented the agreement from being fulfilled for the peaceful use of nuclear energy to which the country formally committed itself.

The economic partnership, however, continued increasing as much as was possible, considering the Brazilian crisis. Another important aspect is the quality of the trade, because 50 percent of Brazilian exports to Germany and 95 percent of German exports to Brazil are industrial products. Besides this, German capital companies established in Brazil mark a strong presence in the industrial sector. With their nearly 400,000 employees, these companies are responsible for approximately 15 percent of the annual Brazilian GDP.

More on Relations With Germany

PY3108014895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Aug 95 Section 1 p 3

[Commentary by Celso Lafer, former Brazilian foreign minister and current chief of the Brazilian mission to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the international organizations in Geneva: "Brazil and the 'Republic of Berlin'"]

[FBIS Translated Excerpt] President Fernando Henrique Cardoso's upcoming visit to Germany in September has given rise to broad debates. Because of the significance of the subject, I will make some observations on it. I will begin by what is obvious: Political relations between Brazil and Germany are based on intensive economic relations.

Economic relations began to grow in the 1950's when the German economic miracle coincided with the intensification of the Brazilian process of replacing imports, under the Juscelino Kubitschek administration. During this process, which continued in the following years, German resources bet on the Brazilian potential.

From the viewpoint of that continuity, it is important to notice that Germany is today the second largest foreign investor in Brazil and also our third most important commercial partner.

The nature of the Brazilian-German relationship results — on the Brazilian side — from a topic that our diplomacy has considered since 1930: the promotion of development. On the German side, it results from the international role and identity that Germany assumed during the Cold War, when the emphasis on the strategic-military field was shifted to the economic field.

In fact, after World War II, Germany redefined its international identity and, like Japan — and partly for the same reasons — it became a prototype of the "trading state," [preceding two words in English], as Rosencrantz put it. [passage omitted]

The new international situation has given Germany a chance to go beyond its "trading state" status, redesigning its place in an international system of undefined polarities. This redefinition must be clarified in order to measure the new potential for convergence by Germany and Brazil.

I am certain that this potential for convergence will be very significant, provided the new German international identity does away with the Hegelian tradition and its vision of the subjugating role of the great powers in world history, replacing it by the Kantian tradition of the Perpetual Peace Project.

In my opinion, Germany will find the Kantian tradition in its path of evolution from its position of a "trading state. " Incidentally, this is what German President Roman Herzog recently said. Herzog noted that German foreign policy features, which were good for the "Republic of Bonn," will have to continue to be valid — under new circumstances — for the "Republic of Berlin."

In fact, Brazil, as a country with a calling to a global role, which has strengthened the "soft power" [preceding two words in English] of its international credibility, represents — for Germany — a clear potential for a strategic partnership, without the burden and the conditions found in Europe and in relations with the United States.

This partnership was built upon a substantial tradition of economic relations and on the fact that both countries are important in their respective environments. Each one of them is essential for peace, security, and economic prosperity in their respective regions. Furthermore, Brazil and a Kantian Germany have a growing number of points of coincidence on various world agenda topics.

It is interesting to quote here an article by Foreign Minister Luiz Felipe Lampreia on Brazilian-German relations. Among the points of coincidence, Lampreia listed the "commitment to disarmament and nonproliferation, support for a more active United Nations role, especially the Security Council, and support for democratic governments."

In sum, I would say that — based on the achievements of the past — Brazilian-German political relations stand at a promising moment, representing the possibilities of freedom and a horizon of opportunities, which the two countries will have to profit by in order to promote their ties and cooperate in the construction of a more just and more stable international order.

Colombia

Case Against Fernando Botero Discussed

95CA0359A Santa Fe de Bogota SEMANA in Spanish 22 Aug 95 pp 26-31

[FBIS Translated Text] *With great courage and dignity, Fernando Botero is facing serious accusations on which the fate of the president of the republic depends.*

The image will remain engraved on the memory of Colombians. The ex-defense minister, Fernando Botero, always graceful, always with his head held high, and with sufficient courage to smile and wave with his right hand raised, left the Regional Prosecutor's Office in downtown Bogota on Tuesday night. About 200 persons, including reporters and on-lookers, poorly controlled by a Military Police contingent, were unsuccessfully attempting to approach the one who was the director and strong man in Ernesto Samper's presidential campaign, and stellar minister in his cabinet.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Botero entered the same armored car that had carried him as minister, and crossed the city, surrounded by motorcycles and escort cars, as far as the Cavalry School, in the northern part of the capital. Awaiting him there was his place of confinement: a small room, measuring six by four meters, in a modest government apartment located a few meters from the School's officers' club. During the following days, the ex-minister spent nearly 36 hours in sessions making unsworn statements in the small, hot booth. Concealed behind its black windows are the identities of the five faceless prosecutors conducting the investigation of the filtering of "narco-money" into the last electoral campaign. Botero devoted the rest of his time to receiving friends and relatives, and holding dialogue with his team of attorneys.

"His confidence that he will survive is incredible. That is what enables him to encourage his loved ones," SEMANA was told by one of the officials who had collaborated with Botero in the ministry, and who visited him last week. The ex-minister also is considering sending a message to the National Liberal Directorate, requesting that it drop him from the group while his legal situation is being clarified. This is the most recent of a series of decisions whereby Botero has attempted to make it clear that he does not want to seek refuge in any legal or political privilege. The first one, unquestionably the most courageous, was his resignation on Wednesday, 9 August. In addition to his office, Botero waived the prerogative that protects high-ranking officials, and placed himself at the disposal of the same faceless prosecutors who are investigating the common ordinary citizens connected with the process.

The one who for years was Ernesto Samper's right-hand man seems to be determined to prove to the public not only his innocence, but also his willingness to place his fate in the hands of the justice system, using no weapons other than his effort and that of his lawyers to defend himself. This has already been acknowledged by many sectors of the public, and even columnists who have been severe critics of his image, such as Antonio Caballero, have appreciated the way in which Fernando Botero has conducted himself since he decided to resign.

Adverse Testimony

When the Office of the Prosecutor General made the decision to detain Botero, it did so after a great many analyses and discussions. Although the faceless prosecutors unit in charge of the case has absolute autonomy for making any judicial decisions that it deems fitting, during the days preceding Botero's detention its members debated with the top echelon of the Prosecutor General's Office the guidelines and legal opinions that would govern the case. The reason, obviously, was that the heads of the accusing entity wanted to avoid, at all costs, making a hasty decision that they would be forced to reverse two weeks later.

The rules governing the faceless justice system are typified by a special severity that creates extreme situations during the phase of preliminary investigation. One of those rules requires that the prosecutors in this jurisdiction detain anyone who is to give an unsworn statement; whereas, in the common justice system, detention occurs only as a result of the unsworn statement, when the person under investigation fails to respond satisfactorily to the questions. That is why, after Santiago Medina's explosive unsworn statement, which harmed Botero more than anyone, the faceless prosecutors spent nearly three weeks examining the statements made by the Samper campaign's ex-treasurer and analyzing, one by one, the hundreds of pages of documents submitted by him after he made the decision to cooperate with the justice system.

For all the preceding reasons, various criminal law experts queried by SEMANA think that, at the end of the 10 business days that must elapse after the completion of the ex-minister's unsworn statement (which concluded last Thursday), and the prosecutors' unit has to decide on Botero's situation, it is rather unlikely that his detention will be revoked.

As was learned last week, the fact is that Fernando Botero's legal situation is complicated. This is indicated not only by his marathon unsworn statement session, in which, as is obvious from its duration, he had to answer scores of questions, but also by other facts that SEMANA managed to confirm with various sources close to the process.

The first thing that seems to be made clear is that it was not only Medina's unsworn statement and the documents submitted by him that put Botero in a difficult predicament. He also appears to have been implicated by some sections of the free, spontaneous statement made by the campaign's ex-administrative director and present manager of the Financial Institutions Guarantee Fund (Fogafin), Juan Manuel Avella. The latter made a statement on Friday, 11 August, but parts of its content were not revealed until several days later. According to attorneys connected with the process, there is every indication that it can be inferred from Avella's statement that, as Santiago Medina claimed in his unsworn statement, Botero had, throughout the entire campaign, been directly involved in procuring its funds and distributing its expenses. One of the lawyers in the case who had access to Avella's statement through a colleague assured SEMANA that the ex-administrator of the cam-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

paign had confirmed the turnover of immense sums of money in cash, of uncertain origin, which do not appear recorded in the books. The same sources claimed that, besides the testimony of Medina and Avella, there were other statements that would contribute to making Botero's legal situation more complicated. They would do so by confirming his direct management of financial affairs and his knowledge of the turnover of large sums of money in cash.

The Challenge for the Prosecutor's Office

However, even if all the preceding is true and if, as a result, the prosecutors' unit confirms Botero's detention, no one should forget that this is only a preventive measure, inevitable under circumstances such as these in the faceless jurisdiction, and not a conviction. For the latter to occur, a great deal more would be required. Not only is time involved, because it would be virtually impossible for this investigation to be closed before the year's end, but also the legal steps to be taken. The existence of sufficient evidence to warrant ordering a preventive detention is one thing, but the existence of proof warranting conviction is something quite different.

SEMANA consulted half a dozen criminal law experts, some associated with this process as proxies for witnesses and accused. The magazine attempted to establish with them the main components of the legal battle to be waged by the Prosecutor's Office and the defenders in this complex case. The first component, on which all the sources agreed, is associated with the fact that the Prosecutor's Office is considering charging at least Santiago Medina and Fernando Botero with illicit amassment of wealth for the benefit of third parties. This is not the only criminal conduct that the prosecutors are attempting to establish. There are also analytical points of agreement on falsehood in a document and on procedural fraud, stemming from the virtually confirmed fact that the balance sheets submitted by the campaign, first, to the National Electoral Council and the Treasury Inspector's Office, and, later, to the Prosecutor General's Office, as evidence (so that it would set aside the case involving the "narco-cassettes,"), do not even remotely account for the real financial turnovers in the Samper campaign.

However, although the preceding sounds very serious, owing to the fact that this has been a common practice in the vast majority of election campaigns for many years, the Prosecutor's Office has chosen to focus its efforts on the issue of illicit amassment of wealth. It is through that course of action that it can be established whether there was really money from the drug traffic in the campaign, and whether its directors, including the candidate himself, were aware of this.

The article in the criminal legislation relating to illicit amassment of wealth by private individuals is number 1 of Decree Law 1895, of 1989. It was included in the package of emergency measures issued by Virgilio Barco's administration six years ago, on the day that Luis Carlos Galan was assassinated. The rule, which became permanent legislation in 1991, stipulates that, "anyone who, directly or through an intervening person, accrues for himself or for another an unjustified increase in assets derived, in one way or another, from criminal activities, shall, by this act alone, be subject to from five to 10 years of imprisonment, and to a fine equivalent to the value of the illicit increase gained."

A ruling from the Supreme Court of Justice, issued months after the original decree, determined that the criminal activity in this case had to be related to the drug traffic, because the origin of the state of emergency for which the decree-law had been issued was the activity of the drug cartels.

Four Keys

According to the criminal law experts consulted by SEMANA, to consolidate the accusation the Prosecutor's Office will have to prove at least four facts. First, the illicit origin of any relatively large sum of money used to finance the campaign. Second, that this money was, in fact, used for the latter's expenses. Third, that the campaign directors who made all this possible were aware of the illicit origin of the money. And, finally, that this operation produced an unjustified increase in assets.

The first fact, the illicit origin of the money, does not appear difficult to establish. In the first place, there is the check for 40 million pesos issued by a Cali Cartel company in the name of Santiago Medina, and endorsed by the latter for campaign expenses in Valle del Cauca. Secondly, there are the tens of thousands of T-shirts with the message "Samper President," constituting a contribution in kind, the origin of which apparently is linked to a company owned by presumed fronts for the drug traffic. And, thirdly, every day new testimony is being added to the investigation, indicating that sums in the millions were paid in cash for campaign expenses through acknowledged friends of the cartel, such as Alberto Giraldo.

Some defense lawyers associated with the process allege that, based on the presumption of innocence, the fact that there was no guilty verdict against the cartel ringleaders during the campaign period would preclude classifying the origin of the funds as illicit. Nevertheless, the majority of the criminal law experts consulted by SEMANA agreed that, at that time, many of those drug dealers already had offered the Prosecutor

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

General's Office their surrender as drug traffickers, and this was known publicly. These attorneys argue that, to require a guilty verdict for classifying the money as illicit clashes with release for producing evidence. According to the latter, any circumstance of the crime can be determined using any means of proof. Finally, the requirement of a prior verdict could be the basis for an evasion of the spirit of the law on illicit amassment of wealth. The latter was designed to be an easier means for pursuing the kingpins and their allies than the demonstration of the crime of drug trafficking per se.

The second point, demonstrating that the money was used for the campaign, seems the easiest of all because, in addition to the check for 40 million pesos in Santiago Medina's name and the record of the T-shirts, there is repeated testimony that the money of obscure origin had been used, among other things, to pay some of the campaign's advertising expenses.

The third fact that the Prosecutor's Office would have to prove is that the campaign directors, or at least Medina and Botero, who are currently the ones implicated in the case, knew about the obscure origin of the money. The demonstration of deceit or premeditation, without which no crime would exist, would depend on the definition of this point. Although it will not be easy for the Prosecutor's Office to prove the direct deceit, that is, that it was all premeditated and aimed at collecting the illicit money, the accusation could be based on a concept in modern criminal law known as contingent deceit. It is founded upon the theory of "intentional ignorance," which is being applied in U.S., Italian, and Argentine courts, among others, and for the past few years has been incorporated into Colombian criminal law. The theory of intentional ignorance is applied to establish deceit in the mind of a person who, according to the definition in U.S. law, "suspecting, or having grounds to suspect a particular improper act, does not investigate, precisely so as not to confirm his suspicions." According to one of the criminal law experts consulted by SEMANA, the contingent deceit would be more than demonstrated if there were confirmation for Medina's statement, associated with a part of the notorious "narco-cassettes." He claimed that, in an alleged discussion of contributions to the campaign from the Cali Cartel, the then candidate told Eduardo Mestre Sarmiento: "Do whatever is necessary; I don't want to know, but do whatever is necessary."

Finally, as for the chances that the Prosecutor's Office has for demonstrating the unjustified increase in assets, most of the sources agree that this is the greatest challenge for the accusation. To begin with, many specialists believe that the rule pertains to the increase in assets of an individual, and is not applicable to an entity with such a meager legal definition as an electoral campaign. Nevertheless, the criminal law experts who believe that the Prosecutor's Office has chances of proving this point argue that the campaign had some flesh and blood persons in charge, including its directors and, according to Article 109 of the Constitution, the candidate himself. They say that these persons would be the beneficiaries of the amassment of wealth in one way or another.

This debate has already been held in the world-famous "Clean Hands" proceedings in Italy. That country's anti-corruption judges were faced with similar limitations when it came to proving the illicit amassment of wealth by politicians. They constructed a theory that ended up paving the way for and leading to a trial of present-day Italy's main political leaders. According to the Italian judges' theory, even if the politician who finances his campaign with money of dubious origin does not increase his personal assets with those funds, he unquestionably accrues great benefits if his campaign is successful as a result of the contribution of that money. According to the most prominent of the "Clean Hands" judges, Antonio Di Pietro, this benefit is unquestionable. In a lecture given by Di Pietro in Madrid a couple of years ago, that most prestigious Italian judge explained that, by financing his campaign with such funds, the politician accrues "a compensatory profit, since he occupies a position within the context of the politico-administrative power structure that can be preserved only with an extensive campaign," which he would have been unable to finance without those funds.

In Colombia, criminal law has begun to develop similar theories to the effect that a person incurs illicit amassment of wealth when, even if his personal assets do not increase, he finances with ill-gotten funds expenses that he could never have incurred without that money.

All the foregoing proves that, apart from the courage and dignity with which Fernando Botero has faced the most serious personal tragedy that any ex-minister has confronted in present-day Colombia, the accusations that could become consolidated against him will not be insignificant. Within a few weeks, since Santiago Medina's detention, the process in the Prosecutor's Office appears to have acquired accelerated dynamics, resulting in an accumulation of additional testimony and documents, which seem to have started creating a picture of critical charges against those involved. Moreover, if those charges are confirmed, they would put the president of the republic himself in a highly complex legal and political position, especially if the way is cleared for the theory of contingent deceit and intentional ignorance. Therefore, the legal battle that the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ex-defense minister and his attorneys are beginning to wage could become one of the most important in the entire history of Colombia.

[Box, pp 28-29]

The Four Keys to the Accusation

These are the four facts that the Prosecutor's Office will have to demonstrate:

1. The Illicit Origin of the Money

Some criminal law experts believe that the origin is illicit only if there is a prior guilty verdict against those who contributed the money. Nevertheless, the majority argue about this, because they consider it an attack against the spirit of the rule on illicit amassment of wealth. That rule sought, from the outset, a shorter path for trying the kingpins, other than the by no means easy task of proving the crime of drug trafficking. Moreover, they add, at the time of the campaign the Cali Cartel ringleaders' offers to surrender to the justice system as drug traffickers had already been made public, and some of them had arrest warrants issued against them.

2. The Use of That Money in the Campaign

This seems to be the easiest fact to demonstrate because, in addition to the check for 40 million pesos in Santiago Medina's name, there are tens of thousands of T-shirts and numerous testimonies of the turnover of sums in the millions, in cash. This applies both to the time when funds of unclear origin were collected and the time when they were distributed for campaign expenses, especially at election time.

The Campaign Directors' Knowledge of the Origin of the Money

This is what is called deceit or premeditation in criminal law. The accusation attempts to establish the so-called contingent deceit, meaning that the campaign directors had, from the outset, reasons to suspect that this kind of money might enter. In spite of that, they did not conduct their investigations until the final consequences. It is what is called "intentional ignorance" in U.S. criminal law: something like suspecting, and for that very reason being unwilling to know.

4. The Unjustified Increase in Assets

This is the greatest challenge for the Prosecutor's Office, because many criminal law experts believe that the rule on illicit amassment of wealth was devised only to apply to increases in personal assets. However, in the anti-corruption investigations in Italy, theories have been reinforced claiming it to be indisputable that, even if his assets do not increase, the politician accrues an obvious benefit when he wins the elections after having been financed with ill-gotten funds.

Emergency Decrees Get Mixed Reception

95CA0360A Santa Fe de Bogota SEMANA in Spanish 22 Aug 95 pp 40-42

[FBIS Translated Text] Never before have Colombian business leaders been summoned to the presidential palace as often as they are now. Once and even twice a week, the association leaders and bigwigs of private enterprise have been obliged, some with pleasure and others obviously annoyed, to be crammed into the inadequate seats in the Council of Ministers area or the Gobelinos Room. The last occasion was on Wednesday. 16 August, at 1600 hours, when about 100 leaders and public officials heard the remarks of President Ernesto Samper, in which the government announced the first declaration of an internal disturbance by this administration.

The announcement had been preceded by rumors emerging from Narino House itself, about the repressive scope of the decisions and the possibility of another deepseated cabinet crisis, intended to form a cabinet of national unity. At the end of the session which, besides the presidential speech, included a press conference with Interior Minister Horacio Serpa and Justice Minister Nestor Humberto Martinez, it was clear that the matter of the cabinet shakeup was not yet imminent, and that its unofficial announcement had been aimed, rather, at heightening the suspense concerning the president's address.

What did prove certain was the harshness of the measures. A few weeks ago, amid President Samper's most generous offers to the guerrillas for initiating dialogue, no one would have bet that, a few days after completing his first year of government, the head of state would be giving free rein to such draconian decisions. As described by Serpa and Martinez, the powers that the state of emergency grants to the government will be used, among other things, to punish the creation and leadership of criminal organizations, including those of guerrillas, kidnappers, terrorists, vehicle thieves, street criminals, etc., with prison terms of between 50 and 60 years. The penalty of prison sentences of between 8 and 15 years will be imposed on those providing professional services to aid such organizations in committing crimes. An elite investigative team will be created to pursue the guerrilla movement's sources of financing, to freeze its bank accounts in Colombia and abroad, and to expropriate its assets. The penalty for the crime of prisoner escape will be raised from six months to 15 years; and, in certain cases, minors between 14 and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

18 years of age will be tried as if they were adults. The government also announced the appointment of an anti-kidnapping czar, to coordinate the action taken against this crime. At the end of the week, the Executive Branch began publishing the first decrees, which only confirmed the fact that the common denominator was a hard hand. This was evident in decisions such as that for moving ahead to this year a sizable chunk of the 1996 military budget.

Despite the criticism that arose almost immediately, claiming that the government was putting up a smoke-screen to cover the current crisis, caused by the investigations of the presidential campaign's financing, the fact is that the measures as such were very well received. This occurred especially among the sectors from which so much criticism had emanated a few weeks ago for the government's hand offered to the guerrilla movement.

Legal Luck

But, although there does not seem to be any doubt among broad sectors of the public that the measures are good, just a few hours after they had been announced the first questions of a legal nature arose. "Just because they are good, the measures are not necessarily constitutional," SEMANA was told by a source close to the Constitutional Court.

In fact, both the declaration of a state of internal disturbance and the emergency decrees issued while this state is in effect will be automatically subjected to constitutional scrutiny within the next few days. The measures will be analyzed, one by one, in a process that should take about two months, and it may be predicted that some will have better luck than others. The first one that has raised doubts is the increase in penalties, because in the past the Constitutional Court held the opinion that this measure could not be adopted in any way other than through legislation passed by the Congress of the Republic. In statements made to SEMANA, the justice minister, Nestor Humberto Martinez, contradicted that theory, explaining: "The statutory Law on States of Emergency, in Article 44, specifies that this type of measure can indeed be adopted in the context of an internal disturbance, and the fact is that the previous decision was issued before the passage of this law."

Nevertheless, some members of the Constitutional Court claim that Article 213 of the Charter, which determines when and how the state of internal disturbance must be dictated, makes it possible to infer that, in no instance, may the measures adopted in the context of the disturbance have consequences extending beyond its duration in time. As everyone knows, the state of emergency has been dictated for 90 days, which could be extended for another 90 days. And if we are talking about 60-year prison sentences, it would seem obvious that they exceed the time frame of the disturbance.

Nevertheless, even if the decrees issued in the context of the disturbance survive constitutionally, before this occurs it is possible that the declaration of the state of emergency itself may fail in the Constitutional Court. As a result, all the decrees would inevitably collapse. Why could the declaration of a disturbance fail? Basically, because the High Court is of the opinion that the connection between the causes generating the instability being experienced by the country and the measures adopted to remove those causes is unclear.

Article 213 of the Constitution stipulates that the government may declare an internal disturbance in cases of "a serious disruption of public order that would cause an imminent attack against institutional stability, the security of the state, or the citizens' coexistence." And the aforementioned article adds that, through the declaration of a disturbance, the Chief Executive "will have the powers that are strictly necessary to avert the causes of the disturbance and to impede the spread of its effects." The preceding means that the state of disturbance may not be used to issue decrees that are not aimed at curbing the causes of the serious disruption prompting the declaration.

Hence, it may be presumed that, before making any analysis, the Constitutional Court may wonder: what are the causes of the disturbance that Colombia is undergoing at present? Underlying what the media, the association and political leaders, and even some high-ranking government officials have called the "serious institutional crisis" is, primarily, the legal debate and that of the public regarding the investigations of the current president's electoral campaign financing. In other words, the causes of the disruption are associated with a judicial process that will take many more months to reach its end, and the government can hardly deal with those causes through a declaration of a state of internal disturbance.

Obviously, those are not the causes referred to by the government for Wednesday's declaration. On the contrary, the Chief Executive stated that the disruption was related to escapes and threats of escapes by prominent prisoners associated with the guerrillas and the drug traffic, to a guerrilla offensive, and to the impossibility of curbing the activities of common criminals. And, although there is no doubt that any one of the preceding problems is very serious, the fact is that none of them are very new. The prison situation is as critical as it has been for years. The same thing applies to the guerrilla movement and to common crime. Therefore, even the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

most optimistic government sources are aware that, for the government, the great legal battle before the Constitutional Court will be that of proving that there is, in fact, a relationship between the causes of the crisis and the measures adopted to deal with it.

The Wager

However, apart from the legal considerations, the decisions made last week by the government confront Samper with a difficult political wager. Since the beginning of his career, over a decade and a half ago, the current president has had the profile of a left of center man, and a friend of social investment, of concerted action between rich and poor, of dialogue with the guerrilla movement, and of solutions (preferably non-violent) in the battle against the drug traffic and common crime. Thanks to this, Samper was able to arrive at the last electoral campaign with a credible discourse dealing with "the people's time," "putting heart into the openness," "initiating a comprehensive policy of dialogue and peace," and beginning to govern with "the social pact" and "the social leap."

Last week's decisions, entailing a virtually outright suspension of the exploration of the path of dialogue with the guerrilla movement, but also, from a budgetary standpoint, placing greater emphasis on military spending, with the resultant sacrifice of other areas, such as the social sector, necessarily mean for Samper the loss of much of his ideological and political profile. Much of the popularity still enjoyed by the chief executive today despite the bad times being experienced by his administration is due to the fact that broad sectors of ordinary Colombians see in him a man whose heart is on the side of the poor, and whose style is far more one of the outstretched hand than the hard hand. And with last week's measures, some of which could have been part of the well-remembered security statute of Julio Cesar Turbay Ayala, Samper might be sacrificing much of that popular base.

Last week's decisions must not have been easy, either for the president or for many of his ministers, who had for years been positioned on the left wing of the Liberal Party, in direct contrast to the movements represented by the Cesar Gaviria and the Rudolf Hommes. Nevertheless, the package of measures could have great strategic validity because, at times as difficult as those besetting the present administration, the latter seems to have borne in mind the fact that governments almost never fall because of popular protest. Rather, they can be overthrown when the rich deprive them of their support. And one thing is certain: not all the rich are satisfied with Ernesto Samper, but they are all happy with the measures.

Ecuador

Alarcon: Government Mistaken in Dissolving Congress

PY3008201895 Madrid EFE in Spanish 2124 GMT 29 Aug 95

[FBIS Translated Text] Quito, 30 Aug (EFE) — National Congress President Fabian Alarcon today said that "the executive branch is making a huge mistake" in holding a plebiscite to allow the president to dissolve Congress.

After reporting that he will head the opposition campaign against this initiative, Alarcon said that "to empower the president with this capability is tantamount to curtailing the oversight powers of Congress."

He added that "a congress without oversight powers would be like having a group of friends of the executive branch — a mere drafting committee — but it would not be a national congress under any circumstance."

Alarcon said that in view of this, authorizing the president to dissolve Congress "would signify blackmailing legislators; the virtual disappearance of Congress, which would be subordinated to the executive branch."

Alarcon believes that the possibility of dissolving Congress could only be justified under a parliamentary system of government, but never under a presidential system such as the one in force in Ecuador.

He said: "Within a parliamentary system of government, parliament is entitled to dissolve the cabinet to censure the prime minister while the executive branch may dissolve Congress only once."

Ecuadoran President Sixto Duran-Ballen yesterday summoned a plebiscite for 26 November, which among other things, proposes revising the Constitution to allow the president to dissolve Congress only once during his presidential term.

Allegations of Dahik Mishandling of Funds Viewed

Deputies' Censure Initiative 'Admissible'

PY3008150695 Madrid EFE in Spanish 0054 GMT 30 Aug 95

[FBIS Translated Excerpt] Quito, 20 Aug (EFE) — An Ecuadoran congressional committee decided today that the deputies' initiative to open a motion of censure against Vice President Alberto Dahik for his alleged inappropriate handling of reserved funds is "admissible."

Deputy Napoleon Icaza, president of the "very special committee" that voted eight to one in support of a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

political trial, said it is now up to the full session of Congress to either approve or reject the initiative against the vice president requested by the opposition, which has a majority in Congress.

In addition to the criminal charges facing Dahik for keeping the reserved funds of the vice presidency in private banks under the names of two private secretaries, he will also have to respond to the motion of censure requested by the majority in Congress. [passage omitted]

Comptroller 'Not Aware' of Misuse

PY3008161295 Madrid EFE in Spanish
0609 GMT 30 Aug 95

[FBIS Translated Text] Quito, 29 Aug (EFE) — Ecuadoran Comptroller General Juan Carlos Faidutti today said he was not aware that reserved funds of the vice presidency had been deposited in private banks, in accounts belonging to two secretaries of Vice President Alberto Dahik.

For this reason, Dahik has been charged with using these public funds for private purposes, as have his secretaries, Gladys Merchan and Juan Crespo.

In an address to the nation over radio and television, Faidutti said that "according to the Financial Administration and Control Law, the comptroller general, in his capacity as impartial judge, presumes that all acts of public servants are trustworthy and correct."

Faidutti refuted the vice president's argument that he was aware of the existence of private bank accounts in which public funds earmarked for the vice presidency, funds that were initially deposited in the Central Bank of Ecuador (BCE), were deposited.

Faidutti said that the private bank accounts were opened in August 1992, three months before he was appointed comptroller.

He went on to say that "the way in which the person responsible for reserved funds safeguards them, after they are withdrawn from the BCE, is his full and absolute responsibility. According to the regulations referring to the administration of public funds earmarked for reserved or secret expenditures, the official in charge of administering them submits to the comptroller receipts for the money spent."

"These receipts, unlike those for ordinary public funds, are not audited, nor are they subject to special control, except when verified, by comparing the funds deposited in the BCE and the expenditures made." After that, the receipts are incinerated.

Faidutti added that "the release certificate for these accounts does not represent an auditing certificate, but the accounting of expenditures submitted by the person responsible for the funds. This only reflects the overall amount of money spent."

Faidutti, appointed by Congress in November 1992 from a list of names submitted by the Executive Branch, on various occasions reiterated that the vice president "is the only official responsible for the use, administration, and custody of the funds" once they have been withdrawn from the BCE.

Faidutti also said that it is not up to him to certify or investigate the transference of the funds from the BCE to the private banking sector, and that the latest reserved expenditures of the vice presidency he revised refer to those up to 28 February.

This is the date the undeclared war with Peru ended, a conflict that began on 26 January as a result of a dispute over a strip of the Amazon border that lacks landmarks.

Dahik Refuses To Resign

PY3108024695 Madrid EFE in Spanish
2224 GMT 30 Aug 95

[FBIS Translated Text] Quito, 30 Aug (EFE) — Ecuadoran Vice President Alberto Dahik, who is facing criminal charges and is about to face a political trial in Congress, said today he will not resign and that he will go to Congress to reject the charges of corruption made against him.

During a news conference, Dahik said that Comptroller General Juan Carlos Faidutti did not "wash his hands" in his speech to the nation on 29 August when he said it is not his responsibility to find out which reserved funds of the Vice Presidency are in a private bank under the names of two of Dahik's private secretaries and to punish him for that.

The criminal charges filed two weeks ago before the Supreme Court by two deputies say that Dahik could not manage the reserved funds outside an open account in the Central Bank and that he used those resources for private use. The same charges were filed against the two secretaries.

The Supreme Court ordered the arrest of the secretaries but the police have not been able to locate them. Vice President Dahik said the secretaries are on vacation and that the defense lawyer recommended that they not appear in court.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Paraguay

Officials Comment on Rumors of Coup, Oviedo Retirement

Wasmosy Urges Calm

PY3108040595 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2350 GMT 30 Aug 95

[FBIS Translated Text] President of the Republic Juan Carlos Wasmosy this afternoon emphasized that there is no coup, that there is no abnormality whatsoever, and that the citizens may remain calm.

[Begin recording] [Correspondent Andres Caballero] Here in San Roque Gonzalez de Santa Cruz, President Wasmosy emphasized that he would place Army Commander General Lino Cesar Oviedo at the disposal of the courts if the proper judge summoned him. The president said he subsequently would also place Gen. Oviedo at the disposal of the military courts.

President Wasmosy asked the population to remain calm, pointing out that the reports of a coup d'etat and on sending Gen. Oviedo into retirement are just rumors.

[Wasmosy] I am actually asking you in the media to calm people down. People are disturbed. They run to the supermarkets. They get worried but there is absolutely nothing going on. Have you seen any reinforced guards at the presidential residence, the government palace, or a regiment?

[First unidentified correspondent] Mr. President, has any military unit been confined to the barracks?

[Wasmosy] No, sir, there has been no confinement. If you want ...[pauses] I don't know. I am not telling you that I can accompany you now to confirm this, because you will not believe me, but I met the commanders of the three branches of the Armed Forces, the commander of the military forces, and the defense minister this morning.

[Correspondent] Interior Minister Carlos Podesta last night talked about a personal sacrifice, Mr. President, and that he would leave...

[Second unidentified correspondent, interrupting] He talked about the possibilities of a coup, but mentioned the personal sacrifice of some people who are standing in the way. Those were his words.

[Wasmosy] Well now, as long as I decide against someone leaving, no one will be leaving unless someone resigns on his own will. I cannot stop those who want to leave.

[Correspondent] What is Gen. Oviedo's current status within the Armed Forces?

[Wasmosy] He is within...[pauses] I want to tell you the following: Filing an inquest or a declaratory action, as you may want to describe it, does not mean that charges have been filed against him. Therefore, we will see what the judge rules. If the judge rules against him, then he must be removed from his post. If the judge, however, does not rule against him, he must not be removed from his post. We must not prejudge.

[Correspondent] As the commander in chief, would you place him at the disposal of the courts?

[Wasmosy] Yes, sir. I have already said I would. I am respectful of the government branches. I have never sidestepped the Constitution.

[Caballero] President Wasmosy ultimately emphasized that he is investigating Gen. Oviedo's alleged participation in a political rally, but requires evidence.

[Correspondent Silvia Carvallo] After meeting with President Wasmosy at the presidential residence, Chamber of Deputies President Juan Carlos Ramirez Montalbetti reported that the president had informed him of his goal, as commander in chief of the Armed Forces, of enforcing the Constitution and the laws.

[Ramirez Montalbetti, in progress] ...after this morning's comments here in Congress. We also received this information last night. I believe it was my duty to obtain first-hand information.

The president categorically denied the existence of any troop movements, confinements, or any serious problems that would give rise to a coup d'etat.

Nevertheless, it seems that the concerns are linked to the retirement issue, to a petition filed by Congress, requesting that Gen. Oviedo be sent into retirement. The way things stand now, with court proceedings under way, this petition has been virtually ruled out, as the president of the Republic told me, because they will wait for the outcome of the court proceedings. Whatever the court ruling, however, they basically explained that the Presidency of the Republic and the commander in chief of the Paraguayan Armed Forces would be complying with the ruling issued by the judges.

[Correspondent] There is a point that must be explained. Can the president send him into retirement during the court proceedings or is this a political decision by the president?

[Ramirez Montalbetti] In my opinion, this is a political decision. The president can send any military officer into retirement at any moment. It simply seems probable that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the president believes that, at this moment and under these circumstances, with court proceedings under way, it would be impolitic to take a measure that is not in keeping with the situation.

This is probably the reason, but I do not want to indulge in making any more remarks because I am presupposing what the president plans to do or what is or is not appropriate for him to do.

As you are aware, all of us in Congress have requested that he be sent into retirement because we are concerned over Gen. Oviedo's remarks and political activities.

[Carballo] President Wasmosy, the commander in chief of the Armed Forces, has been clear: He will not send Gen. Oviedo into retirement before the courts issue a ruling on the charges of his alleged involvement in politics. [end recording]

Estigarribia Says Rumors Lack Credibility

PY3008204395 Asuncion ULTIMA HORA in Spanish 30 Aug 95 p 4

[FBIS Translated Text] Shortly after midday today, Defense Minister Hugo Estigarribia denied reports about an alleged coup d'etat. He further asserted that there will be no cabinet reshuffle.

Regarding rumors about Army Commander General Lino Cesar Oviedo being sent into retirement, Estigarribia stated that no official decision has been made on that, adding that both Oviedo and the Armed Forces commander in chief [President Juan Carlos Wasmosy] will abide by the ruling of the court.

The defense minister, accompanied by Chamber of Deputies President Juan Carlos Ramirez Montalbetti and Justice Minister Juan Manuel Morales, participated in a meeting with the head of state at the presidential residence lasting approximately one hour.

The defense minister asserted that there is no reason whatsoever why the public should be induced to believe in threats or rumors of a coup d'etat. He said that military institutions are operating normally and that President Wasmsosy has total command of the entire Armed Forces.

Estigarribia indicated that the head of state is respectful of institutions and that he will abide by the ruling of the court that is hearing the case against Oviedo on charges of violating Act 514/94 for meeting with Puente Remanso Colorado Party precinct leaders.

The defense minister stated that Wasmosy will not adopt any measures while proceedings against Oviedo are under way. He went on to say that the rumors which are circulating lack credibility.

Asked to comment on Interior Minister Carlos Podesta, who asserted that heads will roll for this in the cabinet, Estigarribia told journalists that those remarks were uttered by Podesta, so it was incumbent upon him to explain what he was referring to, because so far there has been no decision concerning cabinet changes.

Ramirez Montalbetti expressed similar opinions to Estigarribia, adding that the president personally ruled out any military threat.

Upon inspection, ULTIMA HORA reported that the situation was normal in the surrounding areas of the Cavalry, Air Force, and Infantry headquarters, where calm reigned, something which contrasted with reports about possible military activities.

Podesta Asserts Wasmosy in 'Control'

PY3008182895 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 30 Aug 95

[FBIS Translated Text] Following a ceremony at the Police Academy marking Police Day, the interior minister said, in reply to questions about coup rumors that circulated yesterday evening, that President [Juan Carlos] Wasmosy has the situation of the country under control. He added that in his view, this whole affair is something concocted by the supermarkets.

Rumors about a coup d'etat spread yesterday evening following Judge [Jorge] Gonzalez Rioboo's decision to proffer charges against Army Commander General Lino Cesar Oviedo. Many anonymous calls to the press reported on troops' confinement to barracks. Interior Minister Carlos Podesta asserted that the head of state is in absolute control of the situation. He nonetheless warned that whoever tries to disrupt the democratic process will pay dearly for it. He said:

[Begin Podesta recording] I came to the conclusion that this is just something engineered by supermarkets to make money. [end recording]

Bolivia's Sanchez de Lozada Interviewed

PY3008141095 Asuncion RPC Television Network in Spanish 0149 GMT 23 Aug 95

["Exclusive" interview with Bolivian President Gonzalo Sanchez de Lozada by Bruno Masi at the Yacht and Golf Club Paraguayo in Asuncion and aired on the "Masinformes" program; date not given — recorded]

[FBIS Translated Excerpt] [Masi] Mr. President, thank you for granting us this time, and it is a pleasure to have you once again before our television cameras.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

What has changed in Bolivia during these two years of your administration?

[Sanchez de Lozada] Well, many things have changed. We have advanced a lot with regard to the three pillars of our election proposal: capitalization, popular participation, and educational reform. The three pillars have been implemented. There is concrete evidence of their caliber, and of how difficult it is to carry them out. And I believe we will be able to consolidate these pillars by the end of my government.

Like any traveler, when one looks back, we have traveled far. Looking ahead, we have a long way to go.

[Masi] Your government has carried out a series of reforms, including the privatization of public enterprises. In your opinion, what are the results?

[Sanchez de Lozada] Well, we have just finished the first and most important one. Our process is called capitalization. We do not sell as one would do in a classical privatization. We do not sell the enterprise to private capital, whether it be national or foreign capital.

We invite private capital to make a contribution of capital up to 50 percent [of the value] of the enterprise, in other words, make a contribution of capital equal to the value of the enterprise. This causes the company to double in size.

Furthermore, they obviously have the administration of the enterprise, and the shares that belong to the state are placed in trusteeship that is administered by a foreign bank. These shares will be the basis of the reform of the pension system.

We want to implement the pension system that has been so successful in Chile, a system of individual capitalization that is administered privately. And with those funds we want to generate the internal savings that will allow our country to grow.

We have now carried this out with the generating of electricity, and it has really been successful. The three state enterprises that generate electricity had a book value of some $100 million. Those who have contributed capital to those enterprises provided $140 million. Now we have an enterprise valued at $240 million with an obvious capability of indebtedness, and we believe that very soon we will be building new hydroelectric and thermoelectric plants.

Jobs have not been lost because it is obvious that the new enterprise is going to need more employees, and we believe that it is going to begin to generate jobs.

This is the first experience, and it has been successful, but we still have to do the same with the telephone company, the airline, railways, and mines and foundries. Moreover, we believe that by the end of the year, we will reach the most important enterprise, the largest: Bolivian Government Oil Deposits. This is going to be a very important project, and, God willing, we will continue to be successful, but by the end of the year we will know whether capitalization is really the solution, at least for Bolivia and possibly for other countries.

[Masi] What is your relationship with the Armed Forces? Are they fully subject to the political power in Bolivia?

[Sanchez de Lozada] Well, I would not say subject. They are highly aware of their constitutional role. We are trying to encourage something that is contained in the Constitution: an active participation in development, especially in the area of popular participation, in primary and secondary areas.

Furthermore, I really believe one of the most encouraging things in Bolivia is the fact that, despite all the problems, the Armed Forces have ceased to become a problem for all democratic institutions and alliances, and the democratic process, the rule of law, and compliance with the Constitution.

[Masi] Let us touch upon the international sphere. What does your government think of regional integration? How will Bolivia become a member of Mercosur [Common Market of the South]?

[Sanchez de Lozada] Well, in this we have been, we are, and we will continue to be very clear and very precise. We want to expedite the process. We have set 30 June 1996 as the deadline to sign our agreement for the exchange of.... [changes thought] and, shall we say, an area of free trade with Mercosur.

It is obvious that we will continue to be a member of the Andean Market and of the Andean Pact, because our most important clients are Peru and Colombia, especially for agricultural products. But with time, we believe that our basic economic relationship will be with Mercosur, and we want to become a member. That is why we are knocking at the door, although at times they do not hear us, and they take their time opening the door.

But we have the will, we have made the decision, and, God willing, I hope to be beside the foreign minister when we sign the accord on our membership in a free trade pact. It was not possible for us to be a member at the inception or beginning, but we hope that the Andean Pact and Mercosur will join up in a step to be taken before the end of the century so that it will be a single area of free trade in our continent.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Masi] What is the current degree of economic integration between Paraguay and Bolivia?

[Sanchez de Lozada] Well, as you know the exchange of trade is still very small, and we believe that the problem resides in infrastructure.

If the decision is made, once and for all, to create an authority, shall we say, for the river highway, and not just a meeting of presidents and foreign ministers and officials of foreign ministries in each case, if a powerful executive secretariat is created, then we propose that the person in charge be someone who does not belong to the member countries of the authority.

If that begins to function, if the Trans-Chaco Highway is finished, and if the gas pipeline is built, then I believe we will be surprised at the amount of products that we can exchange, including even traditional products. We know that there can be a broad exchange between Santa Cruz de la Sierra and Asuncion in the areas of cattle raising, in other words, genetic improvement in the cattle raising and agricultural sectors.

I believe that there will be considerable growth in exchanges, but we must address the physical infrastructure issue and have the desire to sign documents that will eliminate the obstacles, because the process of exporting and importing between our countries is tiring for everyone. [passage omitted]

[Masi] We would also like to ask you about the Bolivian Government's fight against drug trafficking. What have the recent results been?

[Sanchez de Lozada] Well, it is an enduring struggle, day and night. Thank God the Armed Forces, the Bolivian Police, have been capable of self-rectification, of cleaning up their ranks, because this struggle is very dangerous, for it infiltrates and corrupts.

Our great task is to convince the peasants to change crops. It is difficult to find an alternative crop that will yield as much profit as the coca leaf. However, we are paying for voluntary eradication. We pay the peasants $2,500 for each hectare of eradicated coca. We are implementing infrastructure projects and support for alternative crops.

And, above all, there is the repression of drug trafficking. We believe that we have had some success, although an obvious problem we have faced is that if a peasant receives that money and eradicates voluntarily and also receives other types of help, he obviously cannot and should not plant coca again.

Therefore, the seed beds and the sowing of new coca plantations are being forcibly eradicated, and this always causes friction and tension. It is not easy, but I believe that the rules of the game are being established. We are going to pay them to eradicate, but they are not going to plant again.

And, we are observing a more positive dynamism with regard to the difficulties that we have had during the past two years. [passage omitted]

[Masi] Thank you for your time, for having granted us these minutes. But before concluding this chat, we would like you to leave us with a message. What message would you give to the Paraguayan people?

[Sanchez de Lozada] Well, the message would be one of friendship and a common destiny. I believe what has been said on various occasions to the effect that our two countries must become the heart of the Americas, and not just remain enclosed countries. They must be the essence of our continent, and they must also be bridges for the integration of much larger nations that have forgotten that their destiny lies in the Americas. [passage omitted]

Uruguay

Central Bank President Interviewed

PY3008031795 Montevideo EL PAIS in Spanish 13 Aug 95 pp 16-17

[Interview with Central Bank President Ricardo Pascale by EL PAIS reporter Carlos Pauletti; place and date not given]

[FBIS Translated Text] [Pauletti] There is a general impression that inflation has become set at above 40 percent per year. Why is it that despite the fiscal adjustment and the measures effected by the government to roll back inflation, it has not yet gone down?

[Pascale] It is important to underscore that the depreciation of the U.S. dollar on the international markets over the last year and the effects of the Brazil's Real Plan on some domestic products such as beef, for example, have significantly increased inflation in dollars relevant for Uruguay, which is the one imported from its leading trade partners.

With a monthly 2 percent devaluation and relevant inflation in dollars above 10 percent from last year, it is impossible to reduce inflation below 40 percent per year. This notwithstanding, it is quite revealing that the bearing of non-tradable goods on inflation has decreased considerably over the last few months compared with the last four years. This means that the exporting sector's competitiveness has not been experiencing a major deterioration.

[Pauletti] What, therefore, are inflation projections for this year?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Pascale] If inflation in dollars for Uruguay returns to more normal levels, say between 3 and 4 percent, we deem that inflation will start to return to estimated levels [ancla nominal]. Within this context — as Finance Minister Luis Mosca has recently pointed out, too — we believe that an inflation objective of 35-38 percent for 1995 can be perfectly achieved.

[Pauletti] Prestigious international publications like the FINANCIAL TIMES have argued that Uruguay's recent placement of Eurobonds denominated in German marks has been a success. If this is so, what is the reason for this favorable reception from European investors?

[Pascale] Uruguay's first placement of Eurobonds on the German market was indeed a notable success. The demand for these Eurobonds was quite high and more than doubled the amount originally placed on the market, something which led us to increase the total amount of the issue. The amount that was finally placed added up to 200 million German marks, or approximately $143 million, with a spread of 236.6 basic points above the reference rate in marks. This spread is much lower than those paid by Argentina and Brazil in similar placements, which stood at 344 and 385 basic points, respectively.

[Pauletti] Why is it that Uruguay is able to obtain better market conditions than big countries like Argentina and Brazil?

[Pascale] The explanation is to be found in the risk rate international markets assign to each country. In this case, markets — and also risk assessment companies — assign to Uruguay a safe risk qualification which is higher than that of other countries. This better rating is in turn reflected in the premium that must be paid above the basic rates and in the case of Uruguay, the premium it had to pay was much lower than the one paid by Argentine and Brazilian bonds.

[Pauletti] Bonds are evidence of a debt, aren't they? When we talk about placing new bonds we are talking about increasing our country's debt, and the question that immediately springs to mind is why should the government issue bonds...

[Pascale] Following the Mexican crisis, access to international credit markets became much more difficult. Some countries saw their access to these markets totally barred. For other countries like ours, it would have implied paying higher interest rates.

In this context, we deemed it advisable to redeem the $100 million in Eurobonds that matured in full in June. Moreover, once the possibility of acceding to international markets was reopened, we decided — on account of the indebtedness profile — to make another placement of the international bonds that we had previously redeemed.

[Pauletti] This leads us to another question that could be summed up in the following way: If that issue was such a good business, why did the government not place a larger amount?

[Pascale] In effect, the international banks that acted as underwriters suggested that the issue should amount to 250 million German marks whereas the Uruguayan proposal was 150 million German marks, some $110 million. Uruguay has an economic program which includes, among other projections, a small fiscal deficit partly financed with indebtedness and partly with the inflation tax.

Therefore, our policy does not seek to make Uruguay indebted per se, but rather to maintain an indebtedness level that is compatible with the rest of the economic program. We thought that it was interesting to penetrate a little bit more into a market that was so eager to receive us as that would enable us to improve the profile of our foreign debt a little bit. This is why we increased the issue to 200 million German marks.

Furthermore, this is why there has been a decline in the Treasury bills denominated in foreign currency which we are auctioning. We believe that we should not become over indebted. Besides, if we had to resort to more indebtedness we would consider that there is a tremendously important dollar market in today's world, but that there is also a yen market and a German mark market.

We are now present on these three markets and if need be, we have other markets to resort to or perhaps, even the German market. Nevertheless, to have opted for a larger issue would have led us to concentrate our debt portfolio beyond what we wanted.

[Pauletti] You mentioned other markets and the possibilities they offer. Is there a reason for having denominated this latest issue in German marks and not in dollars?

[Pascale] It was a somehow positive move. Uruguay's strategy is to diversify its sources of financing and to make the country known in several markets. In the same way that last year it was advisable to place bonds on the Japanese market, we thought it advisable to do it now on the European market.

In any case, it is important to underscore that the denomination of the bond is totally irrelevant because, concurrently with the placement of the bonds, the Uruguayan Central Bank executes a swap [preceding word in English] transaction to convert the debt into U.S. dollars.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Pauletti] When you assumed office as Central Bank president you confirmed the exchange rate policy currently in force. Over the last few days, there have been reports about possible modifications to this policy and even about the intention of slowing down the rate of devaluation. Do you still think along the same lines you did upon your installation?

[Pascale] I think the same as I did when I assumed office because nothing has happened to make me change my mind. As I have just said, there are no elements at the domestic level that justify, for the time being, modifying the pace of adjusting the dollar exchange rate.

Nevertheless, we continue to pay close attention to domestic and regional changes, which are essential elements in defining Uruguay's macroeconomic policy.

Moreover, as Minister Mosca has pointed out, if the regional situation were to continue unchanged and the objectives of the economic and financial program were to be attained one would envisage that in the future, the rate of devaluation could be lower. Still, in order to do that, we must first have a consolidated fiscal deficit which is significantly lower than the one we have at present. This is something we expect to achieve.

[Pauletti] You have repeatedly mentioned the regional situation and its influence on Uruguayan economy. What are the prospects you envisage for the region, and particularly for our neighbors, which seem to have so great a bearing in Uruguay...

[Pascale] Argentina's influence on Uruguay is different from that of Brazil. Uruguayan products are complementary to Brazilian ones. This is not the case with regard to Argentina's. From this, it is possible to infer that the effects are different.

The Argentine case can be traced back to the Mexican crisis at the end of last year, the reverberations of which hit our neighbor quite severely.

Its effects on Uruguay can be summed up in three major points: an effect on Argentine demand for Uruguayan exports, another effect on services like tourism, and a third effect that has to do with the financial area and particularly, with capital movement, as Argentina saw its bank deposits diminish by several billion dollars, part of which ended up in Uruguay.

This capital movement influence, however, is neutralized by the fact that Uruguay operates as an offshore [preceding word in English] banking center, i.e. as a register center for financial transactions.

[Pauletti] And Brazil?

[Pascale] That is a totally different case. Fallout of the Real Plan on Uruguay had a bearing on some prices that have to do with the inflation in our country, as was the typical case for meat, which I have already mentioned.

It is always very difficult to engage in futurology, but from a long-term perspective, one could predict that Brazil will try to improve the competitiveness of its products. I am not contending that Brazil will totally deviate or leave aside its anti-inflationary objectives, but I think that it will probably try to make their products more competitive, and this is going to somehow change our relations.

[Pauletti] In what sense?

[Pascale] We are at present having a greater inflation imported from Brazil, and this relation may possibly change. This also has its counterpart in our export possibilities, but as I said at the beginning, our trade relations are more complementary.

[Pauletti] Some days ago you met with AEBU [Association of Uruguayan Bank Employees] to discuss several issues, such as the financial system and relations between the government and that trade union. Incidentally, how is the financial system doing?

[Pascale] First and foremost, I would like to point out that we hold frequent meetings with AEBU, i.e. we meet regularly to exchange points of view, concerns the union has and wants to discuss with us. This meeting should therefore, be placed within the context of meetings we frequently convoke, I would not say routinely, but we always discuss these subjects.

I believe that the Uruguayan financial system situation is at present satisfactory. Logically, in compliance with its duties, the Central Bank always follows closely the situation and behavior of each banking and financial institution to safeguard the prestige and health of the system.

[Pauletti] In your capacity as Central Bank president, you are governor for Uruguay at the IMF; how do relations with that organization stand?

[Pascale] Within the different relationship options one country may have with the IMF, our relations with this organization fall into the category called "staff monitoring" [preceding two words in English] or follow by IMF staff [preceding word in English], which entails a higher degree of monitoring than Article 4, but much lower than the other options.

We drew up a program to be carried out until March 1996. We discussed this program with the IMF and we have periodic contacts. As is public knowledge, the targets agreed upon for the first quarter following the implementation of this program were met with a slight deviation in some of them.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

We will for the time being continue with this system, which in our view as well as the IMF's, suits Uruguay's present characteristics very well. This does not mean that in the future we cannot change this relationship with the IMF keying it to our needs, but for the time being this is what we have.

[Pauletti] So, does Uruguay still manage without IMF financing?

[Pascale] For foreseeable operational reasons, it would not be necessary to resort to IMF financing. A change in our relationship would only be justifiable on the grounds of some precautionary action, which, for the time being, we do not deem necessary.

[Pauletti] Over the last few months, there has been a clear economic slowdown, unemployment has either increased or stabilized at a high level. Is there any indication of how long it will take to overcome this phase?

[Pascale] In some countries like the United States, the upswing and downswing of business cycles are measured with greater precision. In that country, the upswing tends to last a little more than 30 months and the downswing a little less than one-third of that, about nine months.

In Uruguay, the current downswing has been compounded by the situation in the region, which is beyond our control. I can nonetheless mention a couple of points. First, the upsurge in Uruguayan economic activity lasted for several years and — as is public knowledge — we have adopted a package of measures to try to shorten this downswing.

I think it is going to be much shorter than the duration of the economic upswing and that not much time — indeed, very little — will elapse before this situation is overcome.

[Pauletti] Changing the subject, several experts and analysts have publicly voiced concern about the loss of 369 million [currency not specified] in the Central Bank's reserve position from January to July. Are you not concerned about this loss too?

[Pascale] The Central Bank's reserve position is the resultant difference from its assets and liabilities in foreign currency. It is, therefore, a magnitude that may suffer modifications because of reasons of strict accounting nature, which more often than not have no economic bearing.

If ones studies carefully the reserve position figures in 1995 one sees that nearly all the loss in reserves is due to an increase in foreign currency liabilities with the non-financial public sector or to entries of revaluation reflected in other net accounts of the balance sheet that had to be done pursuant to the provisions of the new Central Bank Charter.

[Pauletti] What does that in fact mean?

[Pascale] In the first case, the Central Bank's foreign currency liabilities represent foreign currency assets of the non-financial public sector and therefore, they do not represent a loss of foreign reserves of the public sector vis-a-vis the rest of the economic system.

In the second case, it merely represents exchange readjustments in the debts denominated in a basket of currencies due to the depreciation of the dollar on international markets, something which is wholly beyond our control.

What we are saying suggests that, when analyzing the evolution of the reserve position and trying to derive inferences from this analysis, one must exercise extreme care. What is really important from an economic standpoint is the evolution of the net indebtedness of the public sector as a whole rather than the evolution of the Central Bank's reserve position. Now, the net indebtedness is basically the difference between global fiscal deficit and the collection of the inflation tax.

[Pauletti] Hence, are we to construe that the Central Bank is not concerned about the decline in the reserve position?

[Pascale] It is not concerned in the sense that nothing of what is currently happening surprises us. The fiscal deficit, Central Bank international reserves, and — with a slight deviation — the inflation rate are behaving in keeping with what was estimated in the economic program.

Consequently, the public sector's net debt has also evolved along expected lines and has increased by approximately 1.8 percent of GDP over the last 12 months. The fiscal adjustment effected in April, the results of which will become noticeable in the second half of the year, is precisely aimed at slowing down the growth of the public sector's net debt to less than 1 percent of GDP per year so as to make it compatible with the economic program currently in force.

Venezuela

Defense Minister Denies Reports of Coup in Colombia

PA3008170095 Caracas Venezolana de Television Network in Spanish 1550 GMT 30 Aug 95

[From "The News" newscast]

[FBIS Translated Text] Defense Minister General Moises Orozco Graterol explained what happened this

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

morning in Zulia State, in the city of Maracaibo in particular, when rumors of a coup d'etat in Colombia prompted the state authorities to be on alert.

[Begin recording] [Orozco] Early this morning, a radio station reported an alleged coup d'etat in Colombia. In some way, this caused some uncertainty in Venezuela, but we have been able to learn that the news are totally false.

In addition, and in an unrelated event involving an act of indiscipline, three infantry marines fled the garrison to collect a payment from a serviceman who had been discharged. They took their weapons. They were captured, and are currently being processed following standard procedures. If we establish an offense was committed, we will remand them to the courts.

[Unidentified reporter] So, there was no movement of troops?

[Orozco] None whatsoever. There was no movement of troops or alarm among the military personnel. [end recording]

The defense minister also explained that the Military Intelligence Directorate is investigating if the murder of a soldier from the Sucre Air Force Base in Maracay is related to a foiled attempt to steal weapons in that base.

Discrepancies of New Colombian Map Viewed

Foreign Minister 'Surprised'

PA2908221395 Caracas EL UNIVERSAL in Spanish 27 Aug 95 pp 1-13

[FBIS Translated Text] Venezuelan Foreign Minister Miguel Angel Burelli Rivas has voiced his surprise over certain details overlooked by the new official map of Colombia, because, he recalled in Cucuta, Colombian President Ernesto Samper himself has admitted that the gulf is called the "Gulf of Venezuela."

During a joint news conference with his Colombian counterpart Rodrigo Pardo, Burelli Rivas said that "Venezuela was very surprised that the cartographer ignored the existence of the Los Monjes Archipelago and did not give the gulf a name." Although the foreign minister said that he did not want to give too much importance to this, he said that it is necessary to know why the historic name of the Gulf of Venezuela and the delimitations of the Los Monjes Archipelago, which is Venezuelan territory, were left out.

Venezuela was named Venezuela precisely because in that gulf the first inhabitants had palafittes, that is, dwellings built over the water, and the conquerors saw a resemblance to Venice; a small and poor Venice. This is why Venezuela is a synonym for little Venice, Burelli noted. This is why we say that the gulf is called the Gulf of Venezuela, not because it belongs to Venezuela, but because Venezuela was named after the gulf, he added.

The Venezuelan Foreign Ministry will send an explanatory note to the Colombian Government to ensure that it makes changes to the map and stops its distribution. This map erased the Los Monjes Archipelago, which is the bastion of Venezuelan sovereignty over marine and submarine areas, because it borders our neighboring country.

Pardo Plays Down This Development

Colombian Foreign Minister Rodrigo Pardo clarified that the Gulf of Venezuela is indeed represented in the map. "I do not know if the name was left out, but there is no reason for this, because President Samper himself has said that he has no problem with calling it the Gulf of Venezuela."

Pardo tried to play down this development by pointing out that this map, which reflects all delimitation agreements signed by Colombia so far with its numerous ground and maritime neighbors, does not aim to provoke anyone.

Reaction in Venezuela to this geographic map has been mild so far in comparison to the vigorous rejection of the Nicaraguan Government and people. In this map, Colombia claims an extensive corridor along the Caribbean Sea off Central American coasts, although it already owns the Islands of San Andres and Providencia as well as other keys.

Pardo recalled that border problems between Colombia and Venezuela are being discussed by the commissions appointed by the two governments, and he added that they resumed meetings in Washington recently.

He noted that the commissioners want to reach an agreement without losers, an agreement that will not adversely affect bilateral relations. He said that as soon as an acceptable formula is available and at a due time it will be presented for the public's consideration. The two foreign ministers insisted again on the need to maintain interest on the economic integration of the two countries that has so far been considered to be the region's most auspicious.

They stressed that there has been significant progress in this regard, and they added that the best examples of this are the problems created by certain specific items of their trade exchange and the fact that they have been discussed with prudence by the two parties.

Colombian steel and rice producers have recently strongly opposed what they describe as the disloyal competition posed by Venezuelan exports.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Return of Vehicles

Juridical experts from Bogota and Caracas will meet again next week to study a formula to return to Venezuela the vehicles stolen there and taken to Colombia.

Points to 'Flaws' in Letter

PA3008182895 Caracas EL UNIVERSAL in Spanish 29 Aug 95 p 1-8

["Text" of letter number 00975 by Foreign Minister Miguel Angel Burelli Rivas to Colombian Foreign Minister Rodrigo Pardo Garcia-Pena issued in Caracas on 26 August]

[FBIS Translated Text] Your Excellency Rodrigo Pardo Garcia- Pena, Minister of Foreign Relations, Santa Fe de Bogota.

Dear Mr. Minister: I am honored to write to your excellency on the matter of a recent "official map," scale 1:2,500,00, for Colombia's land and maritime boundaries.

My government was amazed and concerned that said map, prepared by the Agustin Codazzi Geographical Institute, a major Colombian government entity, in addition to other flaws omits a reference to the name of Golfo de Venezuela and Venezuela's relation to the Los Monjes Archipelago.

This omission is at odds with earlier publications by said Institute, as well as by the 1992 Atlas of Colombia, and with the notation this same map makes of other gulfs.

In the matter of Los Monjes Archipelago, the seriousness of the total omission of this part of Venezuelan territory, which also plays a fundamental role in delimiting marine and submarine areas between our countries, is self-explanatory.

As for the Golfo de Venezuela, someone tried not too long ago to change its name. Your Excellency will recall Colombian President Ernesto Samper put an end to that groundless speculation during last year's visit to Venezuela, when he emphatically reaffirmed that that is the name of our main gulf.

In view of the above considerations, which Your Excellency will understand, I am asking your illustrious government that, based on its traditional adherence to international law and faithful respect for the rights of others, not to let said map circulate until it has been completely corrected on the matter that concerns Venezuela by inserting the names "Golfo de Venezuela," and "Los Monjes Archipelago (Venezuela)," since your government cannot seek to cause Venezuela a distress, as the one this letter reflects.

I take advantage of this opportunity to renew to Your Excellency the assurances of my highest and distinguished consideration.

[Signed] Foreign Minister Miguel Angel Burelli Rivas.

Border Minister Offers Explanation

PA2908194095 Caracas EL NACIONAL in Spanish 28 Aug 95 p 2A

[FBIS Translated Text] Border Affairs Minister Pompeyo Marquez proposed yesterday that the controversy over the new map of Colombia — which has caused disturbance in Venezuela for ignoring the name of Los Monjes Archipelago and the Gulf of Venezuela — be discussed at the level of the Bilateral Demarcation and Border Markings Densification Commission.

Marquez, who is also member of the Presidential Commission on Border Affairs With Colombia (COPAF), explained that within the Demarcation Commission exists a Toponymy Subcommission created precisely to discuss those cases in which the same place is called differently by Venezuela and Colombia. The minister thought it would be appropriate to discuss the issue of the omission of the names of Los Monjes Archipelago and the Gulf of Venezuela from the new Colombian map in this subcommission.

Meanwhile, Marquez stated that the recent spill of cyanide which caused an ecological disaster in Essequibo should be used to study the possibility of creating commissions similar to the Hydrographic Basin and Environmental Commissions that exist with Colombia. Acts of depredation and wood destruction, as well as the granting of indiscriminate mining concessions are taking place there. Venezuela cannot remain indifferent; it should create a commission to deal with the problem.

Concessionaires do not have any controls in Guyana because no environmental culture exists there; they don't even have a law establishing penalties for environmental violations. Therefore, our country cannot remain passive.

Ministers, Deputy Comment

PA3008231195 Caracas Venezolana de Television Network in Spanish 0000 GMT 30 Aug 95

[From "The News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Station announcer Antonio Jota] The official map of Colombia published by an institute of that country is still creating controversy. For the Armed Forces, the Gulf of Venezuela and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Los Monjes Archipelago constitute Venezuela's birth certificate.

[Reporter Pedro Padro] [Words indistinct] responded today Defense Minister General Moises Orozco to the controversy that has erupted following Colombia's publishing of a map that does not indicate territories belonging to Venezuela. Orozco said it was inconsiderate of Colombia to try to deny the truth and said we must be careful not to fall for the ploy used to divert attention from the serious internal situation in Colombia:

[Orozco] "Venezuela must be careful at this time not to contribute to diverting attention, not to fall for that ploy. That territory undoubtedly belongs to us."

[Prado] According to Foreign Minister Miguel Angel Burelli Rivas, the only thing to do with the problem of the map is to lodge a complaint, something which has already been done. We are still exercising our sovereignty over that territory; the rest is a matter of opinions:

[Burelli] "[Words indistinct] we control them. We are controlling Los Monjes Archipelago. I do not understand why we become so upset over [words indistinct] who controls Los Monjes. Who owns it? Who owns the Gulf of Venezuela? What is its name? Who is in that gulf? We are!"

[Prado] To conclude, the foreign minister recalled that everything pertaining to border problems between Colombia and Venezuela becomes an obligated topic of discussion between the presidents of the two countries. Colombian President Ernesto Samper and President Rafael Caldera will, of course, discuss this point. The two will meet on 6 September in Bogota.

[Station announcer Maria Lisette Ramos] According to Democratic Action [AD] Deputy Walter Marquez, the government should suspend every kind of bilateral negotiations with its Colombian counterpart until Colombians withdraw their clear plan of distorting history.

[Reporter Fernando Porte] The Agustin Codazzi Geographical Institute's publication of the Official Map of the Republic of Colombia, Land, and Maritime Boundaries has had the same effect of a nuclear bomb explosion, albeit in a more elegant manner. According to a report in the hands of Deputy Marquez, the international limit on the Cocineta Lagoon line and Los Monjes Archipelago are wiped off the face of the earth and the Venezuelan boundaries. The Atlantic Ocean is placed where the Caribbean Sea should be located. The northern border of the Perija Mountain Range indicates certain differences on this point. The map does not mention the Gulf of Venezuela or the Gulf of (Pedecoro).

[Marquez] "We notice that Colombia has been interested in altering our historic and cartographic reality."

[Porte] According to AD Deputy Rafael Narvaez, the cartographic situation is not the only problem Colombia is creating, as there are other serious matters.

[Narvaez] "This has been a policy Colombia has planned. What it has done is to dump all the extreme poverty on us."

[Porte] This is the map in question. As can be seen, there is more than a clear intention not to name or point to Maracaibo Lake—a blank here—and the Gulf of Venezuela, a blank here. This orange point here, which Deputy Marquez has highlighted, would be Los Monjes Archipelago. This is more than just a clear plan but, rather, an actual instance of disinformation, hence the importance of correcting this flaw or mistake as soon as possible, because generations of Colombians and Venezuelans will continue believing this is an authentic map.

Guyana

Government: Cyanide Poisoning Danger Over

PA3008023495 Madrid EFE in Spanish 2130 GMT 29 Aug 95

[FBIS Translated Text] Georgetown, 29 Aug (EFE) — Guyanese Prime Minister Sam Hinds stated today that the danger of poisoning caused by the spill of millions of liters of water mixed with cyanide in two rivers in a region bordering Venezuela is already over.

The spill took place this past 20 August when 3.2 million liters of water contaminated with cyanide contained in a reservoir owned by the "Oman Gold Mines Ltd" (OGML) mining company leaked into the Essequibo and Omai Rivers.

In a communique made public today in Georgetown, Hinds pointed out that an analysis made last week of the waters shows that the presence of cyanide had been reduced to much lower than detectable levels.

Nevertheless, the Health Ministry warned residents close to the region not to use the river water to either drink, cook, or bathe, and not to eat any of the fish caught from the Essequibo or Omai rivers.

Residents of the zone have indicated that the spill caused the death of thousands of fish, an allegation that is denied by the OGML, while the Guyanese Government described the accident as "an ecological disaster of tremendous magnitude."

At least two Caribbean nations — Jamaica and Barbados — have prohibited the importation of Guyanese fish due

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to the spill, a decision which has caused complaints from the Government of Guyana.

On the other hand, the Venezuelan Government, which since the 19th century has been claiming sovereignty over the 150,000 square km stretch of Essequibo land, the region where the spill took place, accused Guyana of practicing "a unilateral and irrational policy of exploitation" of the natural resources in the conflict area.

"We make the Government of Guyana responsible for the immeasurable human, ecological, and material damages that this disaster may have caused," a Venezuelan Foreign Ministry note points out.

After the accident, the Guyana Parliament approved a resolution by which the OGML can only renew the exploitation of the gold mines — located approximately 170 km to the southwest of Georgetown — after the authorities have checked and approved security measures.

The OGML is a mixed firm, owned by Canadian "Cambior Inc." company (65 percent), U.S. "Gold Star Resources" (30 percent), and the Government of Guyana (5 percent).

Government Seeks International Aid With Cyanide Spill

FL3008015895 Bridgetown CANA in English 2302 GMT 29 Aug 95

[FBIS Transcribed Text] Port of Spain, Trinidad, Aug 29, CANA — Guyana has requested international assistance to deal with a major spill of gold-mine waste, according to a United Nations spokesman. An estimated 1.25 million cubic metres of mining waste containing cyanide has entered two rivers since Saturday 19 August. The Pan American Health Organisation — World Health Organisation (PAHO/WHO) has dispatched an environmental engineer to the region.

"The joint environment unit of the United Nations Environment Programme and the United Nations Department of Humanitarian Affairs is working with the United Nations Development Programme in Guyana to generate contributions to respond to the emergency and also to help co-ordinate the response," a UN release said here.

At least three Caribbean countries have placed a temporary ban on fish products from Guyana and the Food and Drug Administration (FDA) in Washington said it ordered testing of shrimp imports to keep tainted seafood out of the United States.

Toxicologists had advised that the spillage was unlikely to pose a health risk in seafood because cyanide will not bind with fish protein, a spokesperson said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.